

### Pittsburgh-Capital of the Steel Industry

ABOVE IS AN airview of downtown Pittsburgh where the Allegheny and Monongahela Rivers join to form the Ohio River.

Pittsburgh is located in southwestern Pennsylvania in the heart of the northeastern quarter of the United States. This nineteen-state area, including all of Pennsylvania and much of the Midwest and East Coast, has only 18 per cent of the nation's land area, but here live half of America's 150 million people who carry on three-fifths of the country's retail trade, earn two-thirds of its income, and manufacture three-quarters of its products. Within a radius of 500 miles of Pittsburgh is the richest area in the world. The farthest boundary is only an overnight train ride, or three hours by air, from downtown Pittsburgh.

Some 675,000 people live in Pittsburgh and nearly 2,500,000 have their homes in the metropolitan district. Within the 100-mile trading area, there are 6,275,000 people who normally regard Pittsburgh as their logical metropolitan area. This helps to account for the notably high volume of sales in this city's famous department store. Pittsburgh has an exceptionally temperate climate

with an average of 75 degrees in the hottest month, July, and 31 degrees in the coldest month, January. The humidity is less than that of any industrial city in the middle Atlantic states.

Pittsburgh has always been synonymous with industry. The value of its manufactured products exceeds that of each of 37 states. The Pittsburgh district ranks third in the United States industrially, being surpassed only by Chicago and Detroit. Today it is the home of the world's largest manufacturers of aluminum, air brakes, food products of its kind, plate glass, plumbing fixtures, lifting jacks, refractories, rolling mill machinery, safety equipment, steel rolls, steel, tinplate, tube and pipe, and window glass. It is the birthplace and home of the world's second largest equipment manufacturing company. Pittsburgh also has America's largest by-product coke plant, bolt, nut, and rivet manufacturer, wrought iron pipe manufacturer, independent oil company, bituminous coal producer, and stainless steel maker.

Pittsburgh is the home of the Retail Credit Association of Pittsburgh, the largest unit of the National Retail Credit Association with a membership of 1,122 as of September 15, 1952.

# CREDIT WORLD



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St. Louis 19, Mo.

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### In This Issue

#### Ten Feature Articles PAGE "You've Got to Give 'em Credit" 2 J. E. Moore Five Years of Cycle Billing . . . . 5 Michael Ornea The Evolution of Consumer Credit . Howard A. Clarke Should Instalment Sales Be Financed by Banks? 8 Edgar A. Beard What Is the Outlook for Business? . . . 9 Bervard Nichols 10 Our Job Is Fascinating . . . . . Tom L. Ford Problems of the Small Businessman 12 Robert M. Cox The Uncollected Accounts of Benjamin Franklin Dr. W. C. Plummer The Maximum Use of the Merchandise Dollar 15 E. G. Nordstrom Cost of Living . . . . . . . . . 17 N. A. Lufburrow Five Other Nighlights Pay Prompt Campaigns in Pittsburgh and McKeesport 10 Credit Flashes . 20 Credit Careers (Albert S. Jacobs) Eight Departments For the Smaller Businessman . . . . . . . . . Credit Department Letters Collection Scoreboard for August . . . . . . . . The Credit Clinic . 30 Editorial Comment by L. S. Crowder . . . . 32

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# "You've Got to Give 'em Credit"

J. E. MOORE, Publicity Director, Joseph Horne Company, Pittsburgh, Pennsylvania

S OMEHOW, whenever I hear the term credit manager I see red, and through that bloodshot vision there appears a kaleidoscope of incidents that takes me back to the early twenties. I was just an impressionable youngster and I had occasion to accompany my mother to a large local department store in my home town. We needed furniture and she had been told that you could get credit at this particular store, have your furniture delivered at home and enjoy its use while you were paying for it.

We waited outside a stark, forbidding-looking office for some minutes, then were ushered into the hushed presence of Mr. Pince-Nez Glasses. He looked at my mother's hat, coat and shoes for what seemed like several minutes, then turned to me and looked at my sweater, my knickers, my black cotton stockings and my high button shoes. After some time he leaned away back in his chair, put his fingertips together and said, "Yes?"

I felt so sorry for my mother as she tried to explain in an abject and apologetic manner that she did not have the \$300.00 which the furniture would cost but that my father had a fairly steady job and she thought we could pay for the furniture over a period of time. After some small conversation we were ushered out and told the matter would be taken up for consideration. Needless to say, we never did get the credit. I guess we were what was known as a poor risk. I vowed then and there I would never enter a department store again.

Incident No. 2. When I was in my early twenties and newly wed, my bride suggested that we open a charge account at our then favorite department store. Why carry cash? Why save up in advance for what you need? Why not buy things when you need them and pay later? Nothing ventured, nothing gained. So, we went up to the credit department in this particular store and found ourselves in a huge room divided into tiny cubicles by low walls. In each cubicle was a small bare table, two chairs on one side and one chair on the other. We sat down on the side opposite the woman who was to interview us. The only thing that seemed to be lacking was the grilled window that should have been between us to make us feel as though we were really behind bars. She asked us the usual perfunctory questions, stood up and said coldly, "You will hear from us."

I was conscious of people all around us because of the low walls and conscious of keeping my voice hushed in order that no one else heard where I worked, where I banked, whether I had ever been issued credit before, whether I had ever been turned down before, my personal references, and whether I owned property. When I stood up to go, I became suddenly aware that since this was 1932, the early depression years, collections must have been slow and the percentage of losses must have been high. Perhaps they were justified in grilling us. Perhaps that was the reason why we were viewed with such suspicion. Nevertheless, I vowed I would never open up another account. From now on if I purchased anything in a store it would be for cash.

Incident No. 3. Some years later when the children came, we found our expenses had increased to the point where I was obliged to miss paying my charge account bill one month. That department store was right on its toes, however, because I received a letter in short order that said, in effect, "Dear Sir: We beg to inform you that our terms on charge accounts require full payment in 30 days. It is now 35 days so where is our money?" I hardly had time to answer that letter before I received letter No. 2 which said, in effect, "Perhaps your check for payment-in-full is in the mail. If not, please be advised that we will have to take suitable action." I guessed that meant I would have to go to jail. So I went to a loan company, borrowed enough to pay my bill, closed my account, and vowed never to open another charge account.

You may think, "This guy is nuts." Nothing like that could ever happen, or if it did that was years ago. We are enlightened today and we manage to keep everybody happy. Perhaps I did exaggerate slightly to make a point. Bear in mind, however, that our average customer is a creature of emotions, that she jumps to conclusions and is quick to exaggerate if we give her any cause. So it does not matter much how we handle our customers, what matters is how she thinks we handle her. That is why I want to talk on the subject of building good will and secondarily on the subject of building business. To do so we must recognize that today's credit men and women are much more than the term implies.

For example: You are benefactors because you make it possible for people to enjoy the things they desire. You are promoters because you devise new means and new methods for expanding opportunities to ever increasing numbers of people. You are good will builders because the first impression a new customer gets of a store is the one she gets from you or your representatives. You are collectors because it is still your responsibility to see to it that the rate of collections remains fairly stable.

Perhaps you have never pictured yourself as benefactors but let me tell you of an incident that occurred to me a year ago in Atlanta. I have always made it a practice in strange cities to ask cab drivers which was the best store in the city, and no matter what store was mentioned, my next question was "Why?" The answer I received in Atlanta was similar to the answer I have received in dozens of other cities. The driver said, "We do all our trading at Rich's." When I asked him why, he said, "Well, the wife and I do not have much money, driving a cab and all that, and we sort of hesitated the first time we went to Rich's but they treated us so nicely when we opened an account that they made us feel like we did have money. Then once in a while when I fall behind in any payments they write me the nicest letters." This cab driver may not have been conscious that Rich's carry larger inventories than anybody else in town, that they ran a lot of so-called institutional advertising, that they were involved in many civic programs, and that they had many low-priced sale offerings. All he could think of was that they treated him so nicely when he wanted

credit. Rich's were benefactors in his case and did a

wonderful job of developing honest good will.

Let us think for several minutes in the realm of public relations. First, what is public relations? A Vice President of General Motors once said, "Good public relations is a deliberate and enlightened attitude on the part of management to place the customer first in every decision affecting the operation of our business." A Vice President of General Foods said, "Public relations is the effect on others of everything we do or say." I prefer to think of public relations as being synonymous with good will, and I will accept the Supreme Court's definition of good will as "the disposition of the customer to go back to the place where she was well treated."

In order to develop that good will, let us think of actual public contacts. What division of our business, except for salespeople, has more public contact than the credit division? One contact is through letters to prospects. When a newcomer comes to Pittsburgh perhaps he receives a letter of welcome from your store and an invitation to come in to discuss credit. When young people get married, perhaps they receive a letter of congratulation and an invitation to open an account. When a baby is born, perhaps you send a letter of congratulation and a suggestion to investigate your various credit plans. When someone moves from one home to another, perhaps you send a letter of good cheer offering the services of your division. When you hear of a man's promotion to a better job, perhaps you send a letter of congratulation.

Every letter creates an impression, good, bad or indifferent. When was the last time you reviewed your letters of welcome which offered your various credit facilities? Are they really warm and friendly, or are they filled with archaic language such as "We beg to

inform you" or "Please be advised"?

A second means of contact is through personal solicitation when you put people in the field ringing doorbells. Here is a face-to-face contact between your representative and your prospect. The reputation of your store may depend on that contact. Yet, when was the last time you asked your representative to give you the spiel which she gives to prospects so that you would be assured that the right impressions are made?

#### Third Point of Contact

A third point of contact is through actual interviews in your own department, when someone does you the honor to come to you to be interviewed by your representative. When was the last time you sat in on such an interview to hear the questions the customer puts and to hear the answers the customer gets, and when was the last time you reviewed the questions you ask the customer? Are they all pertinent? Are they all important? Couldn't we leave out certain of them that may be somewhat embarrassing? And when was the last time you took a good objective look at the offices in which your prospects are interviewed? Isn't there a need to make them as plush as any other office? You think not? Let me tell you about a friend who went to a certain bank to get a home modernization loan of \$1,500.00. He was a good credit risk and knew it. At this office the girl asked him to wait, and it seems the waiting room is a tiny corridor at the head of the steps from the first floor, three chairs and a table, and people walking back and forth in front and staring at him like he was a poor down-and-outer.

He said to himself, "I'm going to pay about \$225.00 for the use of this money. If I had a customer who was going to spend that much with my company I would invite him to wait in a more private place and a more pleasant place." So, rather than wait in what he called the servants' quarters, he went elsewhere. Where he went is not important, but he did go elsewhere.

The fourth point of contact is through letters to pastdue accounts which we all agree is a touchy subject, yet when was the last time you analyzed your letters to make sure you offended no one? Or perhaps you wait until they are reviewed for you by an irate customer.

A fifth point of contact is through advertising for new accounts. When was the last time you challenged the phraseology in such advertising to be sure that it was warm and friendly and inviting instead of cold and calculating? And when was the last time you looked objectively at your methods of turning down a credit applicant? Have you offered a reasonable substitute, worked out some other plan, or did you just say, "Sorry, try Murphy's"? And, incidentally, how much would it cost us if we turned down no one except the real deadbeat?

I believe we all agree that the time is past when we could take the attitude that we were bestowing a great honor when we granted credit. Today the smart storekeeper recognizes that it is the customer who bestows the honor. Yet when I read accounts of credit clinics, what are the subjects? Here is a publication which gets national circulation, from which I quote,

"Another member of the clinic panel urged the credit men to make certain that no risky credit accounts are accepted when 'supplies catch up with demand.'

'High taxes and expansion programs have resulted in short-

ages of cash. Expansion is going forward and this will aggra-vate the shortage of cash, he said.

"... seven phases of credit practices were brought out in "... seven phases of credit practices were brought out in detail by authorities on the subject. These topics were: 'Collection Problems,' 'Collection Letters,' 'Use of Telephone in Collection,' 'Dunning and Referral,' 'Outside Collecting and Adjusting,' 'Locating Skips,' and 'Use of Attorneys and Collection Agencies.' "

Not a word in here about ways of getting Mr. and Mrs. Customer to like us better because we treat them fine (as was the case of the Atlanta cab driver). Yet our potential customers are being wooed by automobile manufacturers, life insurance salesmen, door-to-door distributors and a host of others. Is not good public relations a primary objective today? Does it not demand more of our efforts and some serious thinking?

Of the matter of promotion, I believe sincerely that a credit executive must be at least two-thirds promotion manager. The business of sitting in ivory towers, concerning ourselves only with the mechanical details of our jobs, will never help build a bigger business. We know sales have been lagging and the public has shown a marked disinterest in parting with their dollars except to bank them. It is every man's job to search out new and better ways to stimulate the movement of goods. How? By forgetting the traditional, archaic thinking and exploring new and even unorthodox realms.

Would such an approach be too revolutionary for credit executives? A gentleman as astute as Reavis Cox, in his impressive book on The Economics of Installment Buying, speaks of the conflict between the credit manager and the merchandise manager or publicity director.

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### OFFERS YOU:

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- A controlled number of new charge customers at a controlled cost.
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- Daily reports on causes of customer satisfaction or dissatisfaction.
- A permanent, economical, practical program for continually increasing charge sales.

### WRITE FOR FREE ANALYSIS:

"Gauging the Effectiveness of Charge Account Solicitation Methods."



### A. J. WOOD & COMPANY

1518 Walnut Street, Philadelphia 2, Pa.

\*The Research Method of Account Solicitation

"Executives responsible for sales look upon all the store's activities, including credit extension, as being directed toward one end, sales volume. They object to restrictions by credit managers who look upon their primary function as being to preserve the accounts receivable asset of their employers. Some credit managers stress their functions as part of the mechanism set up to sell goods, but one gets the feeling that for many of them this is an idea accepted reluctantly, if at all."

Perhaps this may sound frightening. Let us be a little more revolutionary in our thinking. Let us join the team and go after sales. For example, how much thought has been given to accelerating the promotion of extended credit through advertising, through direct mail, through our salespeople and in every other conceivable way?

How much thought has been given to expanding our markets by lowering our sights (our limits) a little on credit plans? Are not most people essentially honest? How much thought has been given to new types of plans which will make it easier for more people to buy what we have to offer? You all know the importance of installment buying in building and maintaining our present economy. Maybe we can do more! When was the last time your store did anything concrete (and unorthodox) about revising inactive accounts? Is not this a most lucrative field in which some time and effort can be expended and new methods developed?

When was the last time you checked with the merchandising division to find out what big events were on tap which might persuade new customers to come to your store and give you a perfectly timed handle for certain of your promotional activities? People will open accounts only if they want to buy something and a big event will persuade more people to want to buy than "no event."

Dr. Clewett, Professor of Marketing at Northwestern, said recently:

"The credit manager today should be eager to grant credit. He should also check his bad debt losses against sales to see that the losses aren't too low as well as too high. Low loss figures probably indicates a tight credit program that needs loosening up.

"Concern with consumer good will is an important part of the modern credit department's makeup, but the most neglected aspect of credit today is promotion.

"There are many obstacles to overcome in instituting a pronotion program in credit departments, lack of equipment, such as electric typewriters, duplicating machines, etc., as well as the probable lack of personnel trained in any phase of promotion.

"Nevertheless, promotion of credit should not be delegated to the sales promotion or publicity department.

"Here is a four-point direct mail program that has served as a successful model for some credit departments.

"1. Objective must be defined. Is the department seeking new accounts, or attempting to rejuvenate old ones?

"2. A mailing list must be accumulated or rented.

"3. Timing of direct mail pieces must be carefully considered with respect to seasons, months, and days of the week.

"4. The consumer must be motivated to act, and thus the credit department must have something concrete to offer rather than mere generalities."

If we listen to Dr. Clewett we have a plan of action. We have a basis for a program which can stimulate our thinking into new, unexplored and perhaps highly profitable channels.

To summarize what I hope will become a provocative subject, I say to you as a public relations representative of your store, when you find people who want to trade in your store, treat 'em like company, give them credit.

# Five Years of Cycle Billing

MICHAEL ORNEA, Controller, Assistant Secretary-Treasurer, Rosenbaum Company, Pittsburgh, Penn.

Director, The Credit Bureau, Pittsburgh, Penn.

N July 1, 1947, we changed our billing system from the conventional daily posting and end-of-themonth statements to nondescriptive cycle billing. No matter how many abbreviations we used, which made the customers marvel at our ingenuity, each purchase had to be described and postings balanced every day. Besides, cash had to be posted by hand every day, and the monthly balances entered on the credit cards.

Antiquated machines, union rules of work, impossibility of establishing an incentive system due to low basic productivity resulted in an unbelievably low number of daily postings per bookkeeper. And, of course, each had a stuffer. At that time, we were employing in the Billing Section ten bookkeepers, ten stuffers, two control clerks, and three credit adjustors. Statements only were photo-

graphed.

The 28-day power strike in September and October, 1946, had a decisive result. On October 18, 1946, we started to post the first day of the month. The management agreed to go on a cycle billing nondescriptive system. Although, as office manager, I had no connection with the credit department, other than internal control and audit, I was given the job of making the change. My knowledge of the organization of the credit department was theoretical; a few courses at N. Y. U., taken years ago, and some reading proved helpful. I started immediately a daily production chart and brought posting to date by January 31. I visited a few good installations in order to decide what type of filing equipment and bookkeeping machines we were going to adopt. The reception every place was excellent, and I am grateful to the credit managers for the help extended.

Needless to say, the ladies in charge of our credit department had the last word. I had no special predilections and they made the choice. As a matter of interest, I would like to point out that our credit department is managed, supervised, and operated entirely by women. That also applies to all the controller's subdivisions, which are under my supervision. There are some compensations. It would be trite to repeat that for the same amount of money you get a better woman and that women are naturals for all the detailed and exacting credit jobs that demand so much patience and order for which men are less suited. At the supervisory level, you cannot match women; at the lower levels, men do not

fit the jobs.

Analysis of Calculated Risks

My function is to plan, over-all supervise, and act as liaison man with the management for establishing policies. It is not necessary to give too many details about the working of the system. To say that in these five years we have ironed out the rough spots, have simplified the operation, and have taken many calculated risks would be sufficient. We have not made sequential analyses of our calculated risks. The only proof we have about results is the resulting number of customer complaints. Considering that we used to have three girls in the credit

adjustment section, and we now have only one with relief help, the customer reaction is apparent. However, nothing is taken for granted. Every new step is watched carefully and figures from statistical surveys show us that we are on the right track, so far.

We will show in what respect we have a different system and its beneficial features. We have a completely unified system. We use Remington Cyclomatic Double Tier Cabinets, 4,200 accounts capacity; Sundstrand Machines; Recordak Photographing; Bell Telephone System, self-dialing telephones for authorization; chargaplates; IBM Sales Audit System. The cyclomatic files are used for filing sales slips and credits, authorizing, and collection work. From these trays, the bookkeeper posts, the collection clerk does the dunning. There is no confusion. A big sign in the cabinet tells where the tray, if missing, is to be found. Of course, the charga-plate system has permitted us to make the floor limits flexible, and we vary them according to seasons and activity. The Bell Telephone panels are located between the filing cabinets with long extension cords and two "jacks" allowing relief help to plug in in busy periods and answer the calls which are both visual and audible. There is no idle time here. The authorizer files posting media in the pockets when she is not authorizing. In the morning, she changes addresses and charga-plates.

### Maintain a Skeleton Tube System

We are still maintaining a skeleton tube system through which credit saleschecks come up continuously. They are rough-sorted immediately by the first letter of the alphabet, verified for mathematical accuracy. Discounts, postage, and other small charges are listed on a spread sheet, adding machine tapes are made, IBM cards are punched, tabulated and immediately compared, and the slips returned for filing. The rough-sorting and establishing of totals is an audit function, but we are doing it in the billing section because we have a larger number of employees and the work load can be spread.

We maintain 20 cycles with 80 controls and a manual control system. We did this deliberately, although it involves some more work. We are able to establish the control figures for the cycles due for posting, even if we are behind in the work. In the controls that do not balance, we recheck the items against the statements, then the statement and posting media are photographed; the statement folded, vouchers inserted and passed to envelope stuffers for advertising inserts and mailing. We used to make a final check of vouchers against bills. We

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

have discontinued it, and the complaints from customers are negligible. It is a calculated risk and we are on the watch constantly. So far, in five years, the differences were negligible and were due mainly to misfiling. However, if some fraudulent abstractions of charges would occur, we could trace the missing saleschecks to the IBM tabulation which shows the book and check number. In this respect, the IBM sales audit could be very helpful.

So far, we have touched charge sales audit, mechanics of the authorizing, billing, mailing, complaints and collections operations. We wish to point out further other

general beneficial results:

(1) By introducing a well-planned cycle billing system, besides creating superior working conditions, good lighting, good air circulation due to removal of oldfashioned safes and files, we have increased our total charge business in relation to other types of sales; also the number of charge customers. In four years, we had to buy 50 per cent more cabinets than originally installed. We were able to take care of a 25 per cent increase in business in 1947, the first year of our installation, and almost 50 per cent in December, 1950, over the previous year. The flexibility of the system is unsurpassed. It gives us a chance to catch up when behind schedule. It allows for a larger-scale operation in an integrated department. We also were able to secure a fine insurance coverage, and we opened charge accounts to all our regular employees and discontinued payroll deductions.

(2) We hear constantly about the role of the credit department for business promotion. By increasing sizably our total credit business and the number of accounts, we have produced additional business and profits. The visible files are tailor made for credit sales promotion.

(3) We have reduced our personnel by reorganizing the department. We eliminated an artificial separation between regular charge and installment business. Now, interviewers take both types of accounts, and collection clerks do interviewing on Saturday and Monday. Encouraged by the success of the installation, we discontinued window-posting systems in our installment credit section and put all installment accounts on a cycle billing basis. We discontinued the window posting in our lay-away department and do the bookkeeping on a twocycle basis. We cut the number of employees in the installment section from nine to six, and in the lay-away section from seven to two. The cashier collects all types of accounts. We do not send around customers to this window or that office. We assert that through all these moves, we saved at least ten people and took care of a large increase in credit volume. Considering that our clerks are unionized, that we work 40 hours in a six-day week, that yearly increases have boosted the wages to unprecedented high levels, that it is difficult to get personnel for a six-day operation, and in competition with defense industries, we believe that the cycle-billing system and the subsequent improvements in our systems and organization is an unqualified success. We have a fine credit department operation, reduced the personnel by ten people, and took care of the increase in business. Customers' acceptance was good. Our collection efforts bring results and our bad debts and fraudulent purchases continue to be very low.

And lest we forget:

A. Pittsburgh is a high credit business city.

B. There is no Garnishment Law in Pennsylvania.

 Judges are very lenient with bad check passers and impostors.

D. For the last several years, banks are closed on Saturdays, and we are in the banking business, besides cashing checks liberally all the time. In exchange, we have:

(1) One of the finest Credit Bureaus.

 The Charga-plate Central Office is of a similar grade.

I am a director in both. Would I advise change to Cycle Billing? Yes, without qualifications, and I do not forget that on the memorable day of July 1, 1947:

(a) Remington Rand had a strike in their plant so we had files and no cabinets. We had to keep them on tables covered with tarpaulin.

(b) The Bell Telephone Company had a strike so that we had no authorization

(c) My assistant, who helped me with the installation, left me on a day's notice for a better paying job.

(d) The old books were not in balance.

(e) I had to make immediate supervisory personnel changes and substitute them with untried ones, who, I am happy to say, became the keystone of the whole system.

Like the British, I was licked in all the battles except the last one.

### **America's Largest Manufacturers of**



# The Evolution of Consumer Credit

HOWARD A. CLARKE, Credit Manager, Boggs and Buhl, Pittsburgh, Pennsylvania

Past President, Retail Credit Association of Pittsburgh

Past President, District 12, National Retail Credit Association

THE USE OF retail credit from an open account standpoint dates back to mediaeval times, and it played an important part in the mechanism of commodity circulation in the agrarian stage of economic development, when the majority of the population received income only once a year. Thus the mediaeval guild laws and city ordinances suggest that retail selling on open account enjoyed popular favor in the fourteenth and fifteenth centuries.

At the close of the seventeenth century Marperger, a German writer on business, expressed some alarm over the extension of credit on retail sales and in 1673 a French edict required that merchants render bills within one year after sale. A century and a half later a select Committee on the Recovery of Small Debts in England and Wales held that, since tradesmen rendered their bills at the end of the year, it would not be unreasonable to refuse recovery of debts under 15 pounds which had been outstanding two years or longer. Testimony before the committee indicated that selling on credit was more prevalent in smaller towns and among the smaller stores in the large cities. This was a natural result of the fact that the large scale retail establishments emphasized price competition at the expense of other services, including credit service. So neighborhood storekeepers, who could not hope to meet the prices of larger and more efficient competitors, were compelled to extend even more credit in order to retain patronage.

At about this time the installment business made its bow, although in a limited and unimportant fashion. It found its origin as early as the first quarter of the nineteenth century in England, France and, a short time later, in the central European countries. Development in the United States followed along similar lines. In the beginning, when little ready cash circulated in rural communities, when workers were paid no more often than once a month, and even then in scrip or store orders, trading on account appears to have been widely prevalent. In 1838 H. C. Carey noted that there were "few circumstances connected with the American Union more worthy of remark than the extensive and universal system of credit" which governed the trade between wholesalers and retailers and of the latter with their customers.

Long-term credits in wholesale trade (with the consequent contraction of retail credit) were abandoned about the middle of the nineteenth century. This resulted from recurring business crises and was also facilitated by the expansion and improvement of money circulation following the California gold discoveries, by the establishment of the national banking system and by the adoption of weekly or semi-monthly wage payments in cash.

In 1887 a committee of the American Economic Association concluded that the more experienced retail dealers were settling down to a cash basis, but this judgment was premature. Data furnished by national banks a few years later indicate that in only 17 out of 37 states were

average credits in retail trade shorter than two months, and that even in the 23 largest cities the average maturity for different branches or retailing ran from 1.1 to 1.4 months.

It reported also the appearance of installment stores, which in the United States followed the establishment of the installment system in the sale of furniture and sewing machines by agents and canvassers. It is uncertain whether selling on open account sustained a relative increase after World War I, but it is universally agreed that there was a tremendous and spectacular expansion in installment credit, particularly during and immediately following the industrial depression of 1920-21.

Differentiation between cash and credit selling and the establishment of large business units in retail trade have been accompanied by the rationalization of retail credit practice. For the "rule of thumb" judgment about prospective credit risks by the head of the store or its sales manager there has been substituted the specialized skill of the credit manager.

In addition, to meet the challenge created by this new giant in the economic structure, the National Retail Credit Association and the Associated Credit Bureaus of America were established. Both organizations have kept pace with the rising tide of consumer credit and today there is a vast network of credit bureaus for intercommunication covering the entire country. Its purpose, and it accomplishes it excellently, is to safeguard the accounts receivable of retailers, large and small, everywhere. Membership in the former, under the capable management of Lindley S. Crowder, totals over 31,000, and in the latter, under Harold A. Wallace, 1,700. It is also estimated that there are more than fifty million reports on individuals in the files of the members of the Associated Credit Bureaus of America.

The story of the evolution of consumer credit would be incomplete if we paid no tribute to the credit managers for the large and important part that they have played in the development and expansion of consumer credit. From our own city's standpoint, the credit managers of the Pittsburgh stores have, for many, many years, been acutely aware that credit sales promotion is their principal responsibility and that top management expects from each, individually, that he secure for his particular store its rightful share of the city's credit business. The result of this aggressive policy speaks for itself. In the six large Pittsburgh Department Stores, 74.5 per cent of the total business for April, 1952, was credit business and it is estimated that the same stores mail over 600,000 charge account statements monthly.

Mass production is generally credited with making it possible for the people of this nation to enjoy the highest standard of living the world has ever known. However, mass production could have accomplished nothing without mass distribution, and consumer credit, particularly installment credit, is one of the brightest and most important chapters in the story of mass distribution.

# Should Instalment Sales Be Financed by Banks?

EDGAR A. BEARD, Vice President, Potter Bank and Trust Company, Pittsburgh, Penn.

President, Retail Credit Association of Pittsburgh

THE SERVANT PROBLEM, which was so difficult for her mother and grandmother, has practically solved itself for today's American housewife. Instead of one servant with an unpredictable disposition, our 1952 homemaker has a half dozen electrical or gas "servants" completely free of temperament or whims, each completely subservient to the whim of its mistress. Why did not her mother have more of these laborsaving appliances? Early editions were being made as long ago as her grandmother's day, not nearly so efficient as today's models, but helpful in lightening the homemaker's burdens. The manufacturers were ready to produce them, the salespeople were as ready then as now to make demonstrations and give sales talks.

Why, then, is it that home appliances are just now reaching the stage of universal acceptance and use? It appears to be self-evident that the missing link was the lack of proper understanding of instalment credit by the buyers and sellers of articles so indispensable to today's way of life. The repetition over generations of threadbare clichés somehow gained credence for the warnings against use of credit, until respectable citizens felt proud of carrying currency in their pockets to spend in saloons and were actually ashamed to use part of their earnings to pay instalments on more permanent possessions.

### Principles of Instalment Credit

It has taken quite a few years to acquire an understanding of the principles of instalment credit, which is used almost entirely to make possible the purchase of some article of reasonably long-term value. It has required just as long to educate that part of the public which has to do with extending the credit, and that is the dealers, finance companies and banks. The Federal Government, obsessed with the theory of regulating everything, and the Federal Reserve Board, always eager to have responsibility thrust upon it, still refuse to understand that instalment credit, in a free economy, is completely and far more efficiently regulated by the forces of competition and economics than it could ever be by any central authority.

The commercial banks have been almost reluctant to accept the fact that instalment credit is a legitimate instrument of our system of distribution of the things which make up the American way of life. Few banks have been financing instalment sales for more than 15 or 20 years. Most of them have found it unnecessary to exert much effort to secure as much paper as they cared to accept. The reason most instalment dealers try to establish bank financing is that, like so many other new lines of endeavor, instalment financing seeks above all else to be "respectable." The bank's good name is often more valuable in this case than the money it advances.

This being so, and I am convinced that it is, the question of ethics of the banker becomes important, not only to his dealers, his customers and community, but to everyone in the credit profession. If the banker will have nothing to do with instalment financing because such sales are often made in unethical ways, he is exactly like the

citizen who complains about politicians but never votes. Both are slackers and failures as good citizens.

The logical result of feeling too holy to finance sales which appear unethical to the banker is to drive the financing into the hands of people with more elastic consciences. It does not especially curtail the dealer's operations, but does lose for the customer his only chance to have any party to the transaction interested in fair play. Suppose our banker friend decides to finance instalment sales, and concludes that, being an "innocent purchaser for value" of the paper, it is not his responsibility to even inquire into the practices of hs dealers as to selling methods, adjustments or service policies. Such a position can be defended, but I do not think the public will continue to be convinced by such arguments. Witness the constant and steady rise in the percentage of automobiles financed on a "direct" basis.

It is possible to do some instalment financing business in a bank while maintaining the strictest standards of ethics. It is possible to see that every complaint is immediately adjusted or the dealer cut off the list just as promptly. It is possible to require large down payments, short terms and maintain rigid credit standards. It is possible to see that every instalment transaction your bank finances is above reproach in every way. It is possible, only if you have no competition, and dealers and customers are really desperate for your service and your money. And if it is possible and you do it, you will be just like the reactionaries who preached that it was better to spend your cash on whiskey than your credit on useful things. You will be preventing people from getting a service they are entitled to expect from your bank.

The truth is that the American people like to be sold things. They love the man who puts his foot in the door and leaves an article on approval, which he and they both know he will talk them into keeping permanently. They know he exaggerates unmercifully, stresses the advantages, and conceals the defects of his product. They know he tells them what they want to hear, regardless of the truth, but they will not deal with people who tell them the brutal truth. They love the salesman. If not, why do they so often sign everything he hands them?

#### **Extending Finance Service**

A modern banker, who knows the facts of life and sincerely wants to see that his customers have a better chance to get their money's worth, will be interested in extending his finance service over as broad a market as he can. He will recognize that selling practices are not half as important as the real value of the product being sold, and a good job of installation or service by the dealer. He knows that his customers are not, either, going to change suddenly to little angels, and save their money in Defense Bonds. He knows that for many of his customers (and a lot of everybody else's customers, if the truth were known) the only savings ever accumulated are the permanent home equipment items paid for

### What Is the Outlook For Business?

BERVARD NICHOLS, Editor, Pittsburgh Business Review, Bureau of Business Research, University of Pittsburgh, Pittsburgh, Pennsylvania

SINCE JUNE 1950 we have been operating in a partwar and part-peace economy. This is an entirely new experience for business; for labor; and for Government. Consequently, it is vital, in any analysis of future business, to distinguish between the near-term and the long-term impact of the military program.

Military expenditures are now running at about 16 per cent of the national income, and they will probably increase to a little more than 20 per cent by the first quarter of 1953. It should be remembered, moreover, that this huge military program came at a time when the economy was already operating at boom levels. And the growing military program no doubt will continue to subordinate civilian activities.

Both national and private business policy must be reappraised and reconsidered in the light of these conditions. Here are some of the more important aspects of the current economy:

(1) General business has recovered to boom levels since the crippling steel strike was settled at the end of July. Now the major labor problem facing businessmen is the

- possibility of a strike in the coal industry this fall.

  (2) Industrial production is near the postwar peak.
  - (3) Prices are nearly double the prewar level.
  - (4) Civilian employment is near record levels.
  - (5) Few who want jobs are unemployed.
  - (6) Demand exceeds supply in many lines.
- (7) The mild deflationary tendency which prevailed through most of 1951 and early 1952 has been reversed, and further inflation threatens.
- (8) The United States Treasury has returned to deficit financing by borrowing from commercial banks, a policy clearly inflationary in nature.

There are, of course, great hazards in making estimates of future business tendencies. Even in less trying times, attempts to anticipate future operations are likely to go wrong. Under the uncertain conditions now prevailing, both on the domestic scene and in foreign affairs, forecasts are doubly precarious.

Yet, every company or individual in business must plan for the future, and the ones best able to foresee coming trends and to allow for them are the ones most likely to remain in business. One of the chief difficulties in making future estimates is the failure to evaluate properly the current tendencies. Many forecasts fail because of an improper diagnosis and the wrong conclusion.

#### Business Outlook Favorable

With respect to dollar volume, the outlook for business through the first half of 1953—perhaps even longer—is favorable. This opinion, naturally, is based on the assumption that the conflict in Korea is not the beginning of World War III. It is recognized, furthermore, that this is an election year, and the administration may change. But, in my opinion, there is likely to be little change in military expenditures and in taxes in the coming year or two, regardless of which party is elected.

There are a number of reasons for expecting active

business in the coming months:

First, personal income is expected to continue upward. Personal income before the steel strike was running at an annual rate of about \$263 billion; it may be a little higher by the end of this year. Personal income is probably the best single indication of future business trends; it should be watched for changes.

Retail buying should expand in the coming months, since retail sales usually follow closely personal income. There should be improvement in both hard and soft goods lines.

Farm income in 1952, although down somewhat from 1951, is expected to be considerably greater than in 1950 and 1949. The drop in farm income is a result of reduced acreage, smaller yields because of drought in some areas, and lower prices for some crops.

### Arguments Against Farm Price Support

You may not agree with the farm price support program, but there are reasonable arguments for it. In past depressions, farm income usually was the first to decline; and the slump in agriculture was soon followed by a drop in industrial production. Consequently, the theory is, if agricultural prosperity can be sustained, a depression will be avoided. Thus, a few billion dollars spent for agriculture support is a low price to pay for prosperity in peace-

One unfavorable aspect of the agriculture picture is the increase of 40 per cent in farm mortgage debt in the past six years.

Inventories have been reduced considerably in recent months; indeed stocks of some items have been reduced too far. Production in the coming months, therefore, must be high enough to meet the current demand and to allow for some accumulation in those lines which have been cut too much.

Retail sales on a dollar basis so far in 1952, although below those in 1951, are still at relatively high levels. But, comparisons of dollar sales show only part of the picture.

Retail prices have advanced sharply in recent years, which raises the question of unit volume. Retailers are vitally interested in unit volume; and, with the increase in prices, it is questionable how much unit volume has changed.

Although a sellers' market now prevails in most lines, it could be the reverse by this time next year. For this reason, it may be wise to start thinking about rebuilding the sales force.

It looks as if the construction industry will continue active well into 1953. Expenditures for new plant and equipment probably reached a peak in the first half of 1952; and they are likely to taper off later this year and in 1953. These declines, however, ought to be at least partially offset by continued large expenditures for public works, military projects, and other types of construction. Furthermore, demand for new homes is far from satisfied.

(Turn to "Business Outlook," page 16.)

# Our Job Is Fascinating

TOM L. FORD, Secretary-Manager, The Credit Bureau, Pittsburgh, Pennsylvania

HERE IS never a dull moment in the life of a credit THERE IS never a dull informer in the bureau manager. Each day presents new excitement, anxiety or problems. He gets out of bed in the morning with an abundance of ambition, determined to get an early start on the daily routine; after gulping breakfast, he races to the garage for the car. Then he hopes to avoid traffic mishaps and to get to his destination without having some "very courteous" officer hand him a ticket for speeding. He finally arrives at his office fully prepared, he thinks, to cope with any situation and delighted with the day so far as it has gone. He takes a quick look at incoming mail, particularly complaints on service. These are given special and immediate attention. He wants to know the reasons for each one so that he might eliminate the cause to avoid repetition. He gives instruction to a supervisor what to do with them. So far, so good.

The telephone starts ringing. The calls may be from members, some disgruntled persons who were refused credit, or from a client of the collection division or may be made by an enraged husband whose uncontrollable wife is on a buying spree. No employee is ever discourteous to any of these persons even though the credit bureau may not be at fault but is usually blamed for any objection offered. Every effort is made to satisfy the

one who is calling. It often requires much time, patience and tact but it is part of our job that gets preference. We are happy when a person comes to our office to discuss a report, if there is a real reason for the visit, because it often gives us an opportunity to correct some questionable information. This enables us often to save the applicant for the store which always gives us a real thrill. Often, an old account standing for many years is collected because the member sent it long ago to us to be entered on the infile.

Some of the most aggravating of these calls and visits could be avoided if members would cooperate with their own credit bureau as they should and if interbureau service would show considerable improvement. Unfair criticism of the collection division for some proper procedure on an account, slow return of references, rejecting an applicant for credit on old information instead of having the infile revised, and telling a woman who already is provoked that the credit bureau said her credit rating is bad are responsible for most of these annoying conversations. Strange as it may seem, it is always the same members and bureaus who cause this embarrassment. As a result, the public could get a wrong, unfavorable impression of bureaus, the real purposes and functions of

### Pay Promptly Campaigns in Pittsburgh and McKeesport

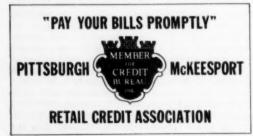
THE RETAIL CREDIT Association of Pittsburgh, Pa., and the Retail Credit Men's Association of McKeesport, Pa., for many years have been conducting appropriate types of "Pay Your Bills Promptly" campaigns to educate the buying public on the importance of paying bills as agreed. Pittsburgh has the distinction of being the first city to use radio to broadcast credit messages. Pittsburgh and McKeesport have had many hundreds of spot announcements on the proper use of charge accounts.

Many newspaper and radio messages were used while Regulation W was in effect. Trolley cars, busses and billboards also were used to good advantage to have consumers understand the importance of having, at The Credit Bureau, a good paying record. All advertising copy refers to both Credit Bureaus and two associations. At McKeesport, there is a branch office of The Credit Bureau of Pittsburgh.

Credit Managers have for many years given freely of their time so that ma.erial would be ready when needed. Colonel Franklin Blackstone, Misses M. Queenan, M. Schwalm, Messrs. E. A. Beard, A. W. Blieszner, D. W. Bollman, H. A. Clarke, C. G. Kaessner, A. S. Kerby, B. J. Lindberg, W. B. McConnell, C. W. Orwig, J. G. Praegner, H. W. Leonard, J. A. Schmidt, J. A. Wagner, J. A. White, H. E. Wilson did an outstanding job on publicity. The committee at McKeesport was headed each year by the local president with Miss M. Adamitz, Messrs. E. A. McDermott, R. Cox, R. Helmstadter, serving with him. Doubtless these varied educational programs have been a factor in the tremendous development of charge business in the Pittsburgh and McKeesport shopping areas.

The latest idea is the metal plate on automobiles. Pennsylvania does not require a license plate on the front of cars. The Publicity Committee voted to offer members of both associations a plate for this space for further spreading the necessity of paying bills when due. A copy of the plate is shown below. It is surprising how many people read this, probably because of curiosity more than for any other reason. They attract a lot of attention but it is difficult to measure the real value of them. They were given absolutely free to any member who promised to use them for the purpose intended. Each one cost the Retail Credit Association of Pittsburgh fifty cents. The bolts, nuts and washers were included.

There is a liberal percentage of the annual income of the Credit Associations spent for advertising credit and its many conveniences. Each member of The Credit Bureau has a membership in one of the Credit Associations for which the sum of five dollars is included in The Credit Bureau membership contract. The amount, according to the number of members, is paid to either association to defray expenses, the greatest of which is publicity.—Tom L. Ford.



them.

No bureau manager would be so ungrateful as to neglect to show genuine appreciation for business. Many times every day, we say "thanks for your patronage." We recognize the importance of the credit manager's serving his store customers well, the responsibility of his job and our obligation to him. We try to help in every way possible because ours is a service organization and he to an extent relies on us. Our flash notices, warnings on undesirable credit risks and bad check operators, and nonresponsible notices save him from many a loss. He knows, because of our affiliation with Associated Credit Bureaus of America, we can get a report on newcomers and others from almost any part of the United States, and that we can forward his accounts to a reliable agency which will render excellent collection service. We are not infallible so an occasional error might be expected. Similar names, inquiries given us without proper identifying information, are a few of the reasons for them. Their complaints are nearly always justifiable ones. No criticism is meant to their objecting to any of our procedures. They have a perfect right to tell us what they want, when and how they want it. They are paying for the service and without business from them, there would not be need for credit bureaus.

The hours pass quickly because the work is interesting. It is time for lunch before he realizes it. He checks to see what he has done during the morning but it is not what he planned. His desk is far from being cleared up. He grabs his hat and coat, runs for the nearest coffee shop for a quick sandwich. Then it is back to the office in about 30 minutes for more of the same rushing. At times, the pressure is tremendous. The job never becomes monotonous and many members express satisfaction, which is pleasant news. At the end of a busy day, often a nerve-racking one, volume is checked to see if the total is enough to allow for a small profit. Having a report ready at a certain minute so that a credit manager may make a proper decision, trying to get maximum production out of employees, concern over the monthly profit and loss statement, sometimes personnel trouble, add to his worries and increase the number of gray hairs.

After a hectic day, he finds on his desk much that needs attention. He takes home in his little brief case what could be two or three hours' work to be ready for the next morning. He hopes to find quiet there after fighting his way through traffic jams. He has no time to read the paper so he dials in a news program while eating his dinner but there is a famous cowboy on another station, so the willing soul compromises with Junior and you know what happens: that is right, the little fellow hears Gene Autry. Then he makes haste for his favorite, comfortable chair but he is too late, someone has it. He decides he will relax a bit before starting where he left off at the office but, wait a second, no such luck. The telephone rings and a friend invites him and his wife to his home for a bridge game. They say it will not be a late session, but at twelve o'clock, the crowd is munching on sandwiches. The next morning, he takes the brief case back without opening it. This evening, he thinks, it will be different but a neighbor after dinner invites himself over to see a television show. He enjoys the two evenings but certain work is piling up. He decides to stay at the office and is sure he will finish up his work because there will be no

interruptions. He goes to dinner and meets an old friend he has not seen for a long while. There is a big party at the club. He goes along with him for an enjoyable time. The next evening he is determined to let nothing interfere so he stays at the office again. The carpenters are making some alterations and the noise is distracting. He gives up in disgust and starts for the parking lot. It is a cold rainy night and what could be worse? He finds a flat tire on his car. It is too late to get service so he decides to change it himself. He thinks he will be lucky if he can find tools in the trunk but, to his surprise, the wrench and jack are there. He thinks he got a good break but some one of the family who used the car yesterday had a puncture and did not have the spare fixed. Now he really is in trouble. He gives up and takes a cab home. All of this does not happen every week and it is well that it does not.

Sleepless nights caused by thinking over the day's transactions, strikes in local industries which prevent longrange planning for promotion of business, taxes, regulations, rising costs, days full of endless worries result in jittery nerves, nervous breakdowns or exhaustion, heart attacks, ulcers, hemorrhages, high blood pressure, and strokes. Credit bureau managers fall victim to some of these the same as their good friends in the credit profession and pay the penalty for their untiring efforts in behalf of their employer. Both get pleasure out of exerting themselves to the full extent. It is a real satisfaction in seeing a job well done and in being one who has a part in it. The duties and responsibilities that go with any executive position are numerous and the problems of management today are greater than ever before.



## Problems of the Small Businessman

ROBERT M. COX, Cox's, Inc., McKeesport, Pennsylvania

When I received a letter from the National Office asking that I prepare an article for The CREDIT WORLD based on a talk of several months ago at a meeting of the Pittsburgh Association, I was flattered but, more than that, I was deeply appreciative of the opportunity to put into print the high regard which I feel toward my many Pittsburgh friends. I am especially happy to have this privilege since the October issue is a Pittsburgh Number.

THE PROBLEMS of the businessman in the small community are, from my point of view, much the same as those of the executive in retailing in the large city except that the small businessman's responsibilities cover every aspect of his business whereas the big city retail executive more often than not is a specialist, an expert shall we say, in a particular branch of the total operation. This observation might lead one to believe that the small businessman, therefore, is a "Jack of all branches and master of none"; however, this would be an incorrect conclusion, because, in his small way, the small businessman, if he is to be even moderately successful, must approach mastery of all phases of his business.

### Purchasing and Expense Control Problems

For example, consider inventory, purchasing and expense control problems. The small businessman, without the services of a controller as such, must be his own controller, coordinating these very important operations so that they balance and blend in perfect harmony regardless of current economic conditions. This brings to mind the recent steel strike which necessitated the sending of "Delay Shipment" orders on the part of small and large retail establishments alike, to cite an instance of similarity of problems confronted by both.

In the field of credit, extension and collection must, of necessity, conform to the same sound principles for the small business as for the large, the most notable difference being that the small businessman finds it more difficult to "stick to the rules" because of his closer personal contact with customers and his personal acquaintance with so many hundreds, yes, thousands of people residing within the confines of his local community. The job of the credit manager in the small business is doubly difficult, therefore, because of the numerous occasions on which "the boss," for personal reasons, urges extensions which may be doubtful and soft-pedals collections which should be pushed, try as he will to avoid such interferences. Then, too, the general tone and tenor of the small store's credit policy must be much more lenient than that of the large city store purely on the basis of its smallness and the general

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau. intimacy that prevails in a small community. Putting it another way, credit lenience just seems to be expected of the small businessman, and what is true in credit is just as true in merchandise adjustments.

The small store's systems naturally are not as complicated as those of large stores, but often there is great similarity here, also, as in the case of our National Cash Register Floor Audit System which is patterned after installations in some of the largest operations in the country. The similarity exists as well in our use of Charga-Plate to which we turned after our discontinuance of the credit card system.

Our sales and promotion problems are similar, too, the small retailer using basically the same media as are used by big city stores, the chief difference again being that the small businessman's establishment is successful to a greater or lesser degree depending directly upon his own ability to create advertising and promotional ideas while the big business has a large and specialized staff to analyze and develop such ideas.

In all fairness, though, this small businessman must admit at this juncture that he considers it a distinct advantage and privilege to be located near enough to great stores in a great city to be able to observe and learn what is good promotion and what is not, and while this may be the diametric opposite of what many small businessmen think as they lament the fact that big city stores draw business from smaller communities surrounding them, it does not alter this small businessman's thinking one iota that this proximity is a distinct advantage to him if he but cares to make it such.

Personally, and forgive me if I proceed from this point in the first person because of the personal nature of the observations, I wish to repeat that I consider it a distinct privilege to be located so near the great Pittsburgh stores and the great people who staff them that I have had the opportunity to learn from masters in the science of retailing with all its many branches. In display and advertising it would have been impossible for me not to have learned much merely through exposure to the great work of the Pittsburgh stores in these fields and, while the opportunity to copy the best has been ever present, I have not had the least desire to copy; rather, this exposure to the best has developed in me a desire to be genuinely creative but to create to the level of the high standards to which I have been exposed. Whether or nor I have reached these standards is something which I, of course, am not in a position to answer, but the fact remains that I have been inspired in this manner to do the best that is within me.

### My Friends Have Helped Much

In buying and in the other fields of retailing I have learned much from ever-willing teachers, but most of all I feel a debt of gratitude to my many friends in the Retail Credit Association of Pittsburgh. As if it were yesterday I remember one contact after another which benefited me immeasurably in my attempt to become acquainted with the right answers to the myriad of credit problems.

For example, I remember a train ride to a 12th District Convention in Baltimore in the late thirties and I remember spending several hours of that ride in interesting conversation with Colonel Franklin Blackstone from whom I learned more in a few hours than I would have learned in many, many months of painful experience on my own. I remember, too, a visit to Tom Ford when he was Credit Manager of Boggs and Buhl and I remember his spending a great deal of time explaining the workings of the Credit Card System which we subsequently used quite successfully from a solicitation as well as control point of view. I remember interesting and informative discussions with C. G. Kaessner on collection problems and with Harry Wilson on solicitation procedure. And, while they may not have been aware of it, I remember learning much from C. W. (Doc) Orwig, Howard Leonard, B. G. Lindberg, Joe White, Ed Fischer and A. S. Kirby. And then I remember the sage and fatherly advice from C. Guy Ferguson, Walter Rosenbaum and David Goldman, God rest their souls. There were many others who were very friendly and helpful whose names escape me at the moment and who I hope will forgive me for forgetting.

One other name I do remember, however, and remember well, for this gentleman in his capacity as manager of the McKeesport Branch of the Pittsburgh Credit Bureau during the middle and late thirties worked with me almost constantly in the solicitation of new accounts. I refer to my very good friend E. A. McDermott. True, he was working in the best interests of the Bureau with the result that we purchased many thousands of credit reports to be analyzed for solicitation potentialities, but his very personal and friendly interest in my problems were such that I can remember these years with the deepest and warmest of feelings. It may be of interest that we surveyed and catalogued as good, fair and poor every block of every street of every residential community within a radius of approximately ten miles of the heart of McKeesport, using the criss-cross telephone directories or "skip books" as we call them to record our findings. Then with this as a basis we proceeded to determine the residents of the various communities whose names would be submitted to the Bureau for the working of a report.

### Increase in Number of Accounts

It might be of interest to observe, too, that this procedure coupled with personally designed and developed direct mail pieces of a light and different yet very highclass nature produced the net result that our number of accounts grew from seven hundred when we started the years-long campaign to approximately fifteen thousand today with our dollar volume of credit sales being multiplied well over twenty times during the same number of years. Of course it goes without saying that other branches of the operation had to keep pace with the credit promotions effort in order to have this measure of success. It goes without saying, too, that this small businessman realizes that, while this growth is unusual percentage-wise, he has a long, long way to reach even one hundred thousand accounts which appears to be the unit of measure used by large city stores.

Now to return to the problems of the small businessman, may I say that his greatest problem is Time, because for him there just is not enough of it, not so much be-

### 1952-1953 Membership Prizes

Prizes of \$100.00 each are to be awarded to the following chairmen reporting the largest number of new members:

Local Chairman—100 members minimum.

State Chairman—200 members minimum.

District Chairman—500 members minimum.

Only one chairman in each group is to receive an award

and it will be based on the greatest number of members reported. In addition, the first credit bureau manager reporting 100 per cent National affiliation (all members), provided the minimum is 100 members, will receive \$100.00 in cash.

Pen and pencil sets will be awarded to:

1-The president of the National unit making the greatest gain in membership.

2-The secretary of the National unit making the greatest gain in membership.

3—The credit manager for outstanding membership work.

4—The bureau manager for outstanding membership work.

Gavels, properly inscribed, will be given to Credit Associations as outlined below organized between June 1, 1952, and May 25, 1953, as follows:

1-First National unit of more than 25 members organized during the fiscal year.

2-Unit making the greatest membership gain.

3—Local Associations in cities up to 50,000 population organizing a National unit of 25 or more members.

4—Local Associations in cities up to 100,000 population organizing a National unit of 50 or more members.

5—Local Associations in cities of 100,000 to 250,000 population organizing a National unit of 75 or more members.

6—Local Associations in cities of over 250,000 population organizing a National unit of 100 or more members.

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cause of his many business duties but because of his civic responsibilities. The businessman in a small community is expected to help and help and help with whatever drive or project injects itself into his community. His time is not his own, it is his community's. He knows it and accepts it without a grumble. Community Fund, Red Cross, Y. M. C. A., Boys Clubs, Boosters Club, all must receive some measure of his time from year to year and this is to mention just a few. He knows, too, that Chamber of Commerce problems like parking, adequate public transportation, community sales promotions are all his problems and it is his job to see that they get the

But all in all, it is nice being a small businessman in a small community because you get a great satisfaction from helping to build something of which you feel a definite and important part, be it your small business or your small community.

proper attention.

# The Uncollected Accounts of Benjamin Franklin As a Printer, Bookseller and Stationer

DR. W. C. PLUMMER, Professor of Economics, University of Pennsylvania, Philadelphia, Penn.

BENJAMIN FRANKLIN started a printing, bookselling and stationery business in Philadelphia in 1728 when he was 22 years of age. He printed and sold pamphlets, newspapers and almanachs on credit as well as for cash. He sold books and stationery supplies on the same terms. Also beginning in 1737 when he became deputy postmaster at Philadelphia he frequently charged the amounts of postage for letters on his books as an accommodation to his customers. In referring to the bad business practices of his former employer, Franklin said that Keimer often trusted people without keeping accounts. Franklin kept accounts and some of his account books are still in existence. Franklin's first customer (strictly speaking their customer, as Franklin had a partner when he first entered business) paid cash. He tells in his autobiography that "This countryman's five shillings, being our first fruits, and coming so seasonably, gave me more pleasure than any crown I have since earned." Later in life Franklin spoke of the gratitude he felt toward the acquaintance who brought the first customer into his shop.

### Franklin Made Many Loans

It was a common practice in colonial times for merchants occasionally to make small cash loans to those who customarily bought commodities or services on credit and Franklin made many such loans. The smallest was for two shillings and put on the books in the customer's charge account on October 23, 1730. There was a loan of 25 shillings to his brother-in-law, John Read, in 1741. Other loans are recorded thus: "Lent Miss Parker of Arch Street £2:10:0"; "Lent young Dunlop £1:10:0."

Franklin became the sole owner of the business two years after it was started and a profitable business it was to be. Starting with no capital of his own, by 1748 he had acquired what he described as a modest fortune that was sufficient to give him leisure "for philosophical studies and amusements." In that year he took David Hall, his foreman, into partnership. Hall assumed the entire management of the printing part of the business. In Franklin's words, Hall "took off my hands all care of the printing office, paying me punctually my share of the profits." Franklin's share of the profits from the printing firm of Franklin & Hall averaged £1,000 per year for the eighteen years that the partnership continued.

Franklin emphasized the importance of industry and thrift in his business success. In later years he wrote: "In order to secure my credit and character as a tradesman, I took care not only to be in reality industrious and frugal, but to avoid appearances to the contrary. I dressed plain and was seen at no places of idle diversion. I never went out a-fishing or shooting; a book indeed sometimes debauched me from my work, but that was seldom, was private, and gave no scandal; and to show that I was not above my business, I sometimes brought home the paper I purchased at the stores through the streets on a wheelbarrow. Thus being esteemed an industrious, thriving young man and paying duly for what

I bought, the merchants who imported stationery solicited my custom, others proposed supplying me with books, and I went on prosperously."

Franklin was industrious and thrifty but in studying the facts of his business life, one is impressed by the influence of two other factors. One was his capacity for making friends including influential ones, and the other was his uncanny ability to advertise himself and his business.

Commenting on bad debt losses, Franklin wrote in 1736 that bad debt losses generally were 5 per cent of credit sales. His exact words were: "... he that sells upon credit expects to lose 5 per cent by bad debts; therefore he charges, on all he sells upon credit, an advance that shall make up that deficiency." This indicates that Franklin and other businessmen customarily had different prices for their cash and credit customers.

Although Franklin charged higher prices on all that he sold on credit to take care of uncollectible accounts, he never wrote any accounts off the books as bad debts. On the contrary, he continued to carry all unpaid accounts on his books and it did not matter how long they had been owing. These accounts were outstanding for 30 to 60 years and in some cases the customers were dead but as will be seen presently he still had hopes that "something considerable may be recovered" from these accounts after his death.

#### Franklin's Will Referred to Uncollected Accounts

Franklin referred in his will to his uncollected accounts. In his will, he wrote: "During the number of years I was in business as a stationer, printer, and postmaster, a great many small sums became due for books. advertisements, postage of letters, and other matters, which were not collected when, in 1757, I was sent by the Assembly to England as their agent, and by subsequent appointments continued there till 1775, when on my return, I was immediately engaged in the affairs of Congress, and sent to France in 1776, where I remained nine years, not returning till 1785: and the said debts. not being demanded in such a length of time, are become in a manner obsolete, yet are nevertheless justly due. These, as they are stated in my great folio ledger E, I bequeath to the contributors to the Pennsylvania Hospital. and the descendants of such as are deceased, who now, as I find, make some difficulty of satisfying such antiquated demands as just debts, may, however, be induced to pay or give them as charity to that excellent institution. I am sensible that much must inevitably be lost, but I hope something considerable may be recovered. It is possible, too, that some of the parties charged may have existing old, unsettled accounts against me; in which case the managers of the said hospital will allow and deduct the amount, or pay the balance if they find it against me."

After Franklin's death his ledger E was turned over to the Pennsylvania Hospital by his executors in accordance with his will. A committee appointed for the pur-

### The Maximum Use of Merchandise Dollar Is Essential if Business Is to Succeed

E. G. NORDSTROM, Credit Manager, Petersen-Harned-Von Maur, Davenport, Iowa

NINETY PER CENT of all business transacted in America this minute is conducted on a credit basis! The entire economic security of the nation depends upon the judicious use of credit. This assertion brings us to an analysis of the major influences having a bearing upon business invested capital today. Keen observers find that these influences are the relationship between credit management and the maximum use of the merchandise dollar.

The greatest single investment in any normal retail business is placed in its product, or its merchandise. This places the greatest single responsibility in the release of that merchandise in the hands of credit management. With operating costs higher now than at any time in the history of business, the challenge of all time is to the ingenuity of those directly responsible for the safe conduct of business. Executive management today faces situations and problems that have become acute.

In discussing these problems with some of the foremost authorities in the mercantile field, two solutions are cited. The first is to continue to invest more and more money into a business. This results in reducing the percentage of return on invested capital. It further endangers the security of the business as well. The second answer is to employ sound credit management to activate the working capital that is already in use. How is this done?

### Means to Activate Invested Capital

There is only one way to activate invested capital. That is by providing credit management with every available tool with which to do a top job! A prime essential toward this end is the meeting of minds between over-all management, sales executives, advertising heads and credit managers. For example, if shorter terms and more rigid policies are necessary, they should be supported. Every executive in a business is primarily concerned with low charge-offs, high collection percentages and big profits. The achievement of this objective is as dependent upon

the secure credit sale as it is upon appealing advertising and alert direct selling. In order to reinvest dollars they must be recaptured by credit management through "bills paid."

A prime requisite in activating invested capital is thorough credit education, credit sales promotion and credit public relations. Each of the three is rooted, nourished and harvested within the narrow confines of the credit executive's desk. It is in the fruits of the credit harvest that we see an endless reflection caught in all channels of the business in all avenues of the community and even across the wide thoroughfares of the nation.

### Reasons for Activating Capital

Here is a picture of activating invested capital. The credit manager, entrusted by the firm, loans merchandise to a customer upon a promise to pay at a predetermined time at a rate of interest called profit. The credit manager watches that profit-bearing date to see that nothing keeps profits from returning to new buying channels promptly. The faster profits are reinvested, not merely profits but original capital, the faster new merchandise-capital may be put out at profit-interest to reap still greater profits. Is any phase of business more important than activating capital?

It is only by this simple but vital operation that high collection percentages and greater profits can be maintained. At today's higher costs this designates the credit executive as the most important cog in the wheel of business today. His function is the driving force. Were our nation to suddenly face subsistence on the ten per cent cash business that would remain should credit drop out of the picture we would see total collapse. Big business today, according to mercantile surveys, recognizes the impact of aggressive credit sales management. Therein lies the key to activate business invested capital and thereby accomplish the maximum use of the merchandise dollar.

pose made an examination of the accounts and prepared a statement of them arranged in alphabetical order. The total net balance owing to Franklin according to this statement was £5508:14:1. Franklin had said that bad debt losses generally were five per cent of credit sales and on this basis Franklin's credit sales for the years covered by these accounts were something over £110,000. There is no way of telling what his cash sales were as Franklin, like most businessmen of the time, kept record of credit sales only.

The contributors of the Pennsylvania Hospital found it necessary to decline the conditional bequest. If they had accepted, they would have been obliged under the terms of the will to pay the balance of any account in case it was found that the balance was against Franklin. On the other hand, the committee after calling on several of those who stood debited came to the conclusion that "there is no probability of the legacy being productive,

because the act of limitation applies against all the demands on the authority of this ledger." One man who was approached concerning the account of his deceased father amounting to £28 stated that Dr. Franklin was indebted to his father upwards of £40 for beer. Another one whose account was 35 shillings claimed that Dr. Franklin was indebted to him for about £25.

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After regretfully declining the bequest, the Ledger E was returned to Henry Hill one of Franklin's executors. Franklin's ledgers A & B (1730-1740) and D (1739-1748) are still in existence but his ledger E to which the uncollected accounts had been forwarded has not been located and may no longer be in existence. There are hundreds of items in Franklin's books in which amounts are not stated. The committee appointed by the Pennsylvania Hospital to examine the accounts noted this by saying they found divers blank debits and credits, the amounts of which they were not able to ascertain.

The removal of Regulation X is expected to stimulate residential building.

It is in the construction industry that many are now looking for signs of the next downswing in business. Those with this point of view argue that the huge expenditures for plant and equipment in recent years have increased productive capacity far beyond projected needs in the next few years. And, at the same time, the demand for the materials going into plant and equipment will be greatly reduced. Moreover, workers making equipment and materials needed for plant expansion will lose their jobs.

This apprehension may prove to be unwarranted; but the possibility that it may turn out to be true should not be overlooked.

### Peak in Military Expenditures

As, already indicated, military expenditures will probably reach a peak some time in 1953.

Current military expenditures are in excess of \$4 billion monthly and they are expected to increase further in the coming months. These huge military expenditures plus other large Federal outlays must be financed. Clearly, tax collections will not be sufficient to pay-as-we-go. Which means that the Treasury must again resort to borrowing.

Since sales of savings bonds in most recent months have been running below redemptions, the Treasury has again turned to deficit financing through the commercial banks.

A high rate of industrial activity in the next year will require a moderate increase in the production of crude petroleum and natural gas.

Likewise, approximate capacity output of electric power will be required.

Bituminous coal production in 1953 ought to be at a rate at least as high as it was in the first half of 1952.

All the steel that can be made will be needed, at least through the first half of 1953.

Considerable new railway equipment, especially new boxcars, must be manufactured to handle an increasing volume of freight.

Many expect automobile production to expand after the new models are introduced.

The real threat to business will come when the economy faces the end of the defense honeymoon. When that time comes and conditions are suitable, all sorts of proposals are sure to be presented that will shift the element of risk from private business where it belongs to the Government. And, if business permits these proposals to be adopted, then further Government regulation and regimentation are likely to follow.

Even though the Federal Reserve Board has recently adopted a policy of mildly tightening money, the money supply has already increased somewhat, and there will be further expansion in the next year. The money supply consists of a total of bank deposits and money in circulation; i.e., money outside the United States Treasury and the Federal Reserve banks.

As already indicated, the Federal Reserve Board is checking the inflationary tendency by tightening money, mainly through small increases in interest rates. In short, mild inflationary forces are in operation; but they are being tempered by the slightly higher interest rates borrowers must pay for loans. In other words, the Federal Reserve Board seems to be inflating mildly with one hand and moderately deflating with the other.

One of the most important ways to decrease the value of the dollar is the unwise granting of credit—be it public credit or private credit. With the removal of most credit restrictions recently, consumer credit increased sharply.

Total consumer credit rose to \$21.2 billion in July, a new high record. Undoubtedly, it rose still higher in August. Many argue, however, that the record volume of consumer credit is not dangerous, because the ratio of consumer credit to personal income is lower now than it was in 1939. But, suppose consumer credit continues to increase in the next year at the rate of advance in July! And suppose personal income does decline, as some expect! Then, the consumer credit picture would become unhealthy.

The moderate drop in wholesale prices in 1951 and the first half of 1952 is explained to a large extent by increased supplies of most commodities and by the mild monetary deflationary forces which prevailed much of the time. Undoubtedly, here are the chief reasons why many reached the conclusion that the postwar inflation had run its course.

My own guess is that prices at both the retail and wholesale levels will advance further; but it is likely that the rise will be far less rapid than in the second half of 1950. Living costs are definitely going higher.

When military expenditures begin to taper off in late 1953 or 1954; when the need for Marshall aid shrinks; when outlay for additional plant and equipment declines; then reappraisal will be called for. Meanwhile, business activity has recovered to boom levels, and considerable time will be required to produce the goods not made during the stoppage in steel.

It is doubtful that increases in wages and prices in most other industries will equal those in the steel industry.

Population in the United States is rapidly increasing which should mean expanding markets in future years. Approximately 20 million people were added to the population in the decade 1940 to 1950; and if the current increase continues at what the Census Bureau considers a "medium rate," the population will reach almost 170 million by 1960.

#### Increase in Population

Consider what this increase means. It is the equivalent of adding all the people of Canada and Mexico combined to our population in the short period of two decades. This growing population must be fed; housed; clothed; educated; transported; and entertained.

Where, for example, are the buildings to handle the two million youngsters reaching school age every year; and where are the telephones and gas supplies for the homes that must be built? Even now, with a population of about 155 million, it is next to impossible in many places to get a telephone installed or gas connections for homes. What will it be 10 years from now? Where are the facilities for training additional engineers and tech-

# Cost of Living

N. A. LUFBURROW, Baltimore, Maryland

HERE IS a timely topic, and a choice morsel for conversation anywhere! In speeches and ads, cartoons and charts, special articles and news items, we are constantly reminded of the high cost of living and the awesome implications thereof. Of course, we know about it from experience, anyway, and yet we look on with amazement as wages of this or that group are advanced, new demands made and met, and prices go up again for everybody! Bonuses and cost-of-living adjustments are announced for some, and a benevolent government bestows increases and benefits upon others, as this or that instance looms up here and there in the news usually followed by more price hikes with a lot of folks left behind!

It reminds me of a giant peanut scramble, into which we all dive hopefully, with many of us emerging without any peanuts! Items which we must buy, appear to be ever increasing in cost. Those we do not need and seldom, if ever, purchase, are the ones that seem to hold their own and keep down the averages. So that just as we are fully convinced that living costs have gone up five per cent in two months, there appears in the papers an official chart, concocted by some statistical wizard, proclaiming that cost of living advance has amounted to three-tenths of one per cent in a year!

Question, Please?

Price structures, they call them, the technical chaps, and talk of inflation, and fears of collapse.

With skilled analytical methods and minds, each specialist measures the patterns he finds, produces nice graphs showing slumps and recessions, and talks about cycles of booms and depressions.

All praise to economists, business forecasters—the students of currency, trends and disasters!

There's no doubt about it, their counsel is wanted—and may they go on with their efforts, undaunted! Right now, I would ask of the technical sages, just how can a man get along on his wages?

It is a good question. How can he? And what can he do about it? As a placement worker many folks are hunting a second, or part-time job, to help "make ends meet." Of course, that would not work for everybody, and it does not always solve the problem.

Then too, we must realize that the average citizen today classifies as "essential" many items that his fore-fathers never dreamed of, got along very nicely without and might have considered rank luxuries. But that was then, and it is different now. And it is disturbing to watch the value of the dollar slipping, sliding and skidding.

That's What Counts

The high cost of living (and that isn't funny) depends on the purchasing power of money. If wages go up and the prices as well, the final accounting is easy to tell.

Oh yes, it is nice to have money to spend, but when it's applied to the purchasing end, the crux of the matter, for those who are wise, is not its face value, but HOW MUCH IT BUYS!

What should a dollar buy? Who knows? A dollar's worth, I suppose, whatever that may be! This much I do know, that it is never enough. But without minimizing the plight we are in today, and it is a real one, I

might suggest what you already know, that the problem is hardly new.

My scrapbook tells me that back in 1919 I wrote this:

Folks who were buying back awhile when non-skid prices were in style, has some idea from day to day about the bills they'd have to pay. With prices skidding all about our pay eheck quickly fizzles out, and then we have to scrimp and scratch and wait for other checks to hatch. There's little use to keep in mind a settled price of any kind, for it will only skid some more and climb up higher than before!

That was a few years ago. Here is something I ran across recently: "One of the causes of the loss of prosperity was the heavy taxation, which was necessary to pay the expenses of the army, of the office holders, and of the other needs of the government," and "taxes... had become so heavy and were so badly distributed that... many people found it impossible to make a living, and vast numbers, even in times of order and safety, were utterly miserable." Sounds like 1952? Maybe, but no, it is about Britain in the fourth century A.D., taken from a reliable historical account!

Listen to Haggai the prophet, speaking in the fifth century B.C.! The people were neglecting the job of rebuilding the temple in Jerusalem, after the Babylonian captivity. Enthusiasm was at low ebb, production was also low, and the cost of living was rising, so that money values became less and less, and the wages of those who did work would no longer cover their needs. Haggai had a picturesque way of saying it: "Consider your ways. Ye have sown much, and bring in little; ye eat but have not enough; ye clothe you but there is none warm; and he that earneth wages earneth wages to put it into a bag with holes." (Haggai 1:6.)

Other illustrations might easily be given, for cost of living difficulties are an old story. But so much for then. Our problem is now, and peculiar to our times. Very peculiar! In a way it is a matter of

Debits and Credits
Debit me with costs of living
soaring to the skies;
and the problems life is giving,
fair or otherwise;
plus the job of stretching wages
far beyond their worth—
one to stump the wisest sages
ever on this earth.

Credit me, if I can make it, with a happy spirit—
the ability to take it—
this, or something near it; sense of humor never failing, and a faith that sticks.
That's my need for safely sailing through this present fix!

It does take money to live and the more it stretches, the tougher it gets! Of course we must find honest new ways of making more money, cutting expenses or something, but here is what we cannot overlook: that we still

(Turn to "Cost of Living," page 21.)



### Two Credit Control Problems

S OME INDICATIONS are reaching us that, in a few parts of the country at least, problems arising out of the handling of bank checks are increasing. This may be due to the difficulties many people are encountering in meeting the higher cost of living. The problems do not appear to be serious, and this article is not meant to sound an alarm. It is written solely with the idea that the smaller businessman should take every sensible precaution against loss at all times.

When one considers the vast number of bank checks that are satisfactorily and safely handled every day in the course of business, those that cause trouble are few indeed. At the same time, there is a clear need for emphasizing the fact that the smaller businessman should formulate a policy for the acceptance of bank checks. And, that policy having been formed, all those in the store, having responsibility for bank checks, should be told about it.

The outright cashing of checks, both payroll and personal, is often expected of a merchant as part of his service. However, it should be remembered that check cashing is not primarily his business. It is entirely proper and necessary for him to take reasonable precautions against being victimized.

So far as industrial and commercial payroll checks are concerned, the main point to keep in mind is the sound advice given on government checks, Know your endorser and require identification. As to exactly what constitutes reliable identification we will come to that later.

Most difficulty encountered by the smaller businessman seems to come from personal checks. The vast majority of checks returned by the bank for "Not Sufficient Funds" are eventually made good. They occur because of innocent failure to make a deposit in time to cover checks drawn, or they may represent an attempt by the customer to gain time. It is important to recognize the difference. In the first case, the lapse should be readily condoned. It can happen occasionally to anyone. In the latter case, however, the incident should be regarded as a warning signal that the customer is on shaky financial ground. This fact would be true whether the check has been tendered as payment for goods or as payment on an account. The credit bureau should be promptly notified, and in the case of a charge account customer, consideration given to the desirability of a re-evaluation of the customer's credit responsibility.

With checks presented for cashing, it cannot be emphasized too strongly that positive identification should be obtained. Should a stranger, for instance, be introduced by a customer for the purpose of cashing a check, insist on the customer's endorsing the check. Then, should trouble later develop, you have recourse to someone you know, and whose responsibility is established.

There is absolutely no reason for the smaller businessman to suffer loss by the smart bad check operators who have developed smooth and convincing techniques to lull suspicion. Your defense is to demand the same evidence of identity and responsibility, you require for the extension of credit. In fact, it is well to bear in mind that checks are actually a form of credit, and require the same sensible safeguards.

Now as to what constitutes reliable identification. Of course, personal knowledge is the best. In the absence of such personal knowledge, most authorities agree that a driver's license is among the safe means of identification. It is rarely counterfeited. In most instances it bears the signature of the owner, together with details of physical description. The number of the driver's license, issuing state, and the date, should be noted on the face of the check (the back of the check is often practically covered by endorsements, etc.), as a means of investigation should such become necessary.

Factory identification badges, company passes, such as used by utility firms and others, A.B.C. payroll identification cards, and similar identification media, are usually reliable. Credit cards, issued by oil companies, hotels, stores, and other reputable organizations, providing proper comparison is made with the signature appearing thereon, are also acceptable means of identification.

### Social Security Cards No Value for Identification

All authorities agree emphatically that social security cards are of no value whatever in this particular connection. They were never intended for identification use. Any person, so desiring, can readily obtain as many social security cards as he wishes, under as many names as he can imagine.

When asked to cash a check, take your time, don't allow yourself to be rushed. A favorite trick of the accomplished bad check passer is to offer a glib, rapid-fire chatter designed to distract the attention and to confuse the mind. Keep your mind on the fact that you are parting with good money.

Finally, work closely with your credit bureau. Keep the bureau informed of bank check problems. In most cases the credit bureau has effective methods and systems to thwart the bad check passer, and to discourage those who habitually issue checks with insufficient funds on

# Letters That Cross the Editor's Desk

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"The Washington Conference was very good and I feel sure that anyone who attended the sessions cannot help but be a better credit executive through the information and inspiration secured."—William R. Arndt, General Manager, The Credit Bureau of Greater Little Rock, Little Rock, Arkansas.

"Please accept my heartiest congratulations for a most successful meeting in Washington in every way."—A. B. Benedict, Executive Vice President, First American National Bank, Nashville, Tennessee.

"Please accept my sincere thanks for the beautiful pen and pencil set your association awarded me at the annual conference in Washington. I wish to assure you that it will be put to good use and it will be a constant reminder of my pleasant and happy association with the Philadelphia Retail Credit Managers Association and N.R.C.A."—J. A. Sears, Assistant Vice President, Provident Trust Company of Philadelphia, Penna.

"I thought you would like to know that I heard many favorable comments on the Washington Conference which was one of the best I have attended. It was most profitable to me as I gained ten new accounts for Abercrombie."—Philip Gleason, Manager, Credit Department, Abercrombie & Fitch Co., New York, N. Y.

"Please send me one of the small posters 'Credit Is the Foundation of Commerce!' We have been looking for just such a picture to hang in our credit department for some time."—Gillie J. Bourque Jr., Credit Manager, Universal Furniture House, New Orleans, La.

"I want to let you know how much I enjoyed the National Conference in Washington. The program was excellent throughout and speaks volumes for the amount of work done by your office in preparing for it."—H. E. Northey, Credit Manager, Rice's, Norfolk, Va.

"Thanks for sending me your new wall placard. It is now framed and we have it on display in our credit department. Not only does it convey a valuable message to our charge customers but it is decorative as well. I believe there will be a large demand for these placards as the various credit departments become familiar with them."—E. C. Nordstrom, Credit Manager, Petersen-Harned-Von Maur, Davenport, Iowa.

"You have probably heard many favorable comments about the Washington Conference. It was, in my opinion, outstanding. I congratulate you and your staff for a job well done in arranging the program. The Washington committee did an excellent job of handling the many details, including the entertainment features and banquet. It was one of the finest conferences I have had the pleasure of attending in many years."—Hugh L. Reagan, Vice President, The Cain-Sloan Company, Nashville, Tenn.

"It is a pleasure to receive The CREDIT WORLD each month. The information contained is very beneficial to our credit department. It is well to compare the methods used with others and thus keep up to date on all procedures. Your staff should be highly complimented on the fine selection of articles used each month."—F. W. Brand, Hibbard & Co., Colorado Springs, Colo.

"This will express my sincere thanks to the officers, directors and members of the N.R.C.A. for the beautiful desk set. The design and coloring are perfect for my desk and office. This gift will be a constant reminder of a year of pleasant association with your organization. To you and your staff, I should like to express again my appreciation for your helpful suggestions and cooperation during my year as president of the Credit Women's Breakfast Clubs of North America."—Mrs. Lois Huey, Austin Finance Corp., Austin, Texas, Past President, Credit Women's Breakfast Clubs of North America.

"On behalf of the Credit Women's Breakfast Clubs of District 12, I wish to thank you sincerely for the cooperation we received in arranging our functions for the Washington Conference last June. We have received numerous letters from those who attended and many have commented on the success of the entire conference. You and your staff are certainly to be congratulated on arranging such a splendid program for our benefit."—Daris T. Long, Encyclopaedia Britannica, Washington, D. C., President, District 12, Credit Women's Breakfast Clubs of North America.

"You are doing a splendid job with The Credit World and it is a cover-to-cover must with me each month."—James C. Maupin, Credit Supervisor, Texas State Optical, Beaumont, Texas.

"In spite of the hot weather, we had a very successful conference in Washington. As usual I gained several new ideas that can be put into operation and thereby save my company some expenses."—B. C. DeLoach, Credit Manager, Loveman, Joseph & Loeb, Birmingham, Ala.

"It was my pleasure recently to receive an official announcement of my membership in the Quarter Century Club of the N.R.C.A. and to receive the handsome certificate of membership. I am really proud to hold membership in this group and want to express my appreciation for the certificate which I shall always consider as one of my prized possessions."—Mary A. Wall, Credit Manager, Crosby Brothers Co., Topeka, Kansas.

deposit to cover. The success of such methods and systems depends entirely on the full cooperation of all concerned.

The other credit control problem is, overbuying on customer's accounts. Most accounts that ultimately end at the Profit and Loss ledger start at this point.

Credit limits should be set high enough in the first place to facilitate the most rapid authorization service possible. That is necessary for successful credit operation. Credit limits should be in line with the customer's ability to pay, and according to the understanding reached with the customer at the time the account was opened. Excessive buying beyond that credit limit can be considered the amber light for caution.

Perhaps a further interview with the customer will bring additional information amply justifying the purchases. In other cases, however, a complete credit bureau re-check will confirm the danger signals, and warrant a cut-off of further credit until the condition is remedied.

Slow payment, or partial payment, can both be considered indications that perhaps the customer has bought beyond ability to pay promptly. Stepped-up collection effort, restriction on further credit, and a re-check through the credit bureau, will possibly avoid serious loss.

Certainly, we should offer our customers all the services that will gain friendship and increase our business. Certainly, we should extend credit freely and generously. At the same time, we must set up safeguards that will effectively protect us against undue loss caused by the unscrupulous minority. A sound policy on handling bank checks, and sensible control of accounts receivable, are two fundamental and essential parts of wise protection measures.

# CREDIT = FLASHES

### **Boston Conference on Distribution**

Over twenty speakers of national and international reputation will address the 24th annual Conference on Distribution, October 20-21, 1952, at the Hotel Statler, Boston, Mass. The National Retail Credit Association is one of the co-sponsors. The theme of the Conference is "Distribution in a Free World." The Conference will appraise the important economic trends affecting the business of distribution and the part our distributive system plays in the American standard of living which is the highest of any nation. The Conference, which is open to all who are interested in the future of business and industry, is attended by about 1,000 leaders from the fields of manufacturing, retailing, agriculture, banking, advertising and market research and government in the United States and Canada.

### New Position for Allen J. Perrez, Jr.

Allen J. Perrez, Jr., has been appointed to the newly created post of assistant to the administrator of Rochester General Hospital, Rochester, N. Y. He has been associated with the hospital as Credit Manager since 1949. He attended the University of Rochester and graduated from the School of Nursing, Rochester State Hospital in 1939. Subsequently he worked as a nurse in St. Joseph's Hospital, Elmira, N. Y., St. Mary's Hospital, Saginaw. Mich., and for the Consolidated Machine Tool Co., Rochester. For two years he was night supervisor, Rochester State Hospital. Active in professional groups, Mr. Perrez is Vice President, Rochester Retail Credit Association. He served as Chairman of the Hospital and Professional group of the Washington Conference of the N.R.C.A. last June and has been named chairman of this group for the New Orleans Conference next June. He is also a member of the Rochester Regional Hospital Council's purchasing committee.

### Positions Wanted

CREDIT MANAGER-ATTORNEY. Department store experience. Capable of handling large volume accounts receivable. Box 10521, The CREDIT WORLD.

Credit Manager, now employed in Southern city desires to locate in Texas or New Orleans. Large volume department store preferred but will consider other lines. Twenty-two years' experience in all phases of credit management and personnel. References. Box 10522, The CREDIT WORLD.

Department Store Credit Manager seeks similar position in Bay Area community in Northern California. Currently employed in largest department store in 100,000 population trading area in Southern California. Handling 18,000 open charge accounts with outstandings in excess of \$500,000 plus \$100,000 in installment accounts. Twenty-one years' experience in retail field. Box 10523, The CREDIT WORLD.

### **Coming District Meetings**

District Two (New York and New Jersey) and District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia) will hold a joint annual meeting at Hotel New Yorker, New York, N. Y., February 8, 9, and 10, 1953.

District Three (Florida, Georgia, North Carolina and South Carolina) and District Four (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting in conjunction with the 39th Annual International Consumer Credit Conference of the National Retail Credit Association, The Roosevelt Hotel, New Orleans, La., June 22, 23, 24, and 25, 1953.

District Five (Ohio, Michigan, Ontario, Canada, and Kentucky) and District Thirteen (Illinois, Indiana, and Wisconsin, except Superior) will hold a joint annual meeting at the McCurdy Hotel, Evansville, Ind., February 22, 23, and 24, 1953.

**District Six** (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin and Manitoba, Canada) will hold its annual meeting in Sioux City, Iowa, February 22, 23, and 24, 1953.

**District Seven** (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at Joplin, Mo., March 15, 16, and 17, 1953.

District Eight (Texas) will hold its annual meeting at the Rice Hotel, Houston, Texas, May 17, 18, and 19, 1953.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting in Ogden, Utah, April 12, 13, and 14, 1953.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Empress Hotel, Victoria, British Columbia, Canada, May 17, 18, and 19, 1953.

District Eleven (Arizona, California, Nevada and Hawaii) will hold its annual meeting at the U. S. Grant Hotel, San Diego, Calif., February 15, 16, and 17, 1953.

### E. Harold Frankel in New Position

E. Harold Frankel has joined Grier's Inc., Boston, Mass., in the capacity of Controller and General Office Manager. Mr. Frankel, who has been a member of the N.R.C.A. since 1931, recently resigned as Manager of The Continental Stores, Boston, where he was formerly Credit and Collection Manager. Mr. Frankel was, for a number of years, a credit executive with Morgan's Inc., and Morgan's Home Equipment Corp. He has served on the Operating Council and Service Committee of the Credit Bureau of Greater Boston and was formerly connected with the Credit Grantors' Association of Rhode Island.

### **New Orleans Committees Appointed**

Appointments of local committees for the 39th Annual International Consumer Credit Conference of the National Retail Credit Association, Associated Credit Bureaus of America, and the Credit Women's Breakfast Clubs of North America to be held in New Orleans, Louisiana, June 22, 23, 24 and 25, 1953, are as follows:

General Chairman:

Hubert Fielder, D. H. Holmes Company, Limited.

Co-General Chairman:

John Zimmerman, Kirschman's Furniture Company. Secretary to General Chairman:

Mrs. Elsie Mitchell, D. H. Holmes Company, Limited. Local Chairman, Districts Three and Four:

D. D. Dalferes, Jr., Gulf Refining Company. Local Co-Chairman, Breakfast Club:

Mrs. Janet Baker, Progressive Bank and Trust Company.

Chairman, Reception Committee:

Vernon Svendson, Godchaux's Clothing Company.

Chairman, Registration Committee:

Alex Maier, New Orleans Public Service Company.

Chairman, Hotel Committee:

Roland Ruiz, D. H. Holmes Company, Limited.

Chairman, Finance Committee:

Thomas Fischer; Progressive Bank and Trust Company.

Chairman, Program Committee:

Ola Fayard, Maison Blanche Company.

Chairman, Publicity Committee:

Stanley Schulkens, Labiche, Inc.

Chairman, Entertainment Committee:

Charles Bornwasser, The Roosevelt Hotel.

### Whittier, California

The new officers and directors of the Whittier Merchants Credit Bureau, Ltd., Whittier, California, are as follows: President, John Dore, Frank Dore & Sons; Vice President, Emile Crumbly, Whittier Laundry; Treasurer, Robert Myers, Myers Department Store; and Secretary, E. J. Cress, Whittier Merchants Credit Bureau. Directors: Samuel Breese, Quaker City Savings & Loan Association; John Heck, Heck's Mens Wear; Herman Kennedy, Whittier Radio & Television; and John Rhone, Miller Oil Products.

### "Cost of Living"

(Beginning on page 17.)

have a set of benefits in this country, which transcends anything anyone else has to offer. So that even as we puzzle over what to do about the current cost of living, we gladly rise and give three long cheers for Uncle Sam, grateful for our good fortune, the extent of which is hinted in these two short verses, entitled:

### Russia

Cost of living bothers you? Listen folks, it does me too. Keeps me puzzled and perplexed over how to meet it next.

Cost of living isn't fun—
yet when all is said and done
I'd prefer it any time
to the title of this rhyme!

# Credit Careers

### Albert S. Jacobs

ALBERT S. JACOBS, Credit Manager, Popular Dry Goods Company, El Paso, Texas, recently celebrated the forty-fifth anniversary of his employment by the store. During those years he has passed on thousands of applicants for charge accounts. He has never become cynical or disillusioned. In fact, he thinks highly of the human race. He and his staff use the same principles in extending credit as he did in the store's early history.

"Credit is based 90 per cent on moral responsibility," he said. "We just trust people. If credit were based solely on financial responsibility there would be few charge accounts. If a man is honest and upright, it does not matter how much money he has or makes. He will not get into trouble or buy more than he can pay for."

Mr. Jacobs was born in New Orleans, La., and came to El Paso in 1907 from Alexandria, La. He took a job as bookkeeper with the Popular and has been with the store ever since. Today the Popular has hundreds of employees, including 44 in the credit department alone. By the end of the year the store expects to have around 50,000 charge accounts. The store has 9,000 accounts outside of El Paso in the Southwest, Mexico and scattered around the globe. The worldwide nature of the store's business is accounted for by the fact that many military personnel continue to trade with the Popular after transfers to far-flung stations.

Mr. Jacobs personally knows thousands of store customers. These now include the third generation. "We served the papas and mamas, then their children, and now the grandchildren," he said. He is president of the El Paso Credit Bureau which he helped organize in 1907 under the name Business Men's Protective Association.

He describes himself as a homebody since he gave up golf a few years ago. He and Mrs. Jacobs reside at 4616 Alamogordo St., El Paso. On November 1, 1952, they will observe their forty-ninth wedding anniversary.

Vincent McConn, who for several years has been associated with Mr. Jacobs, wrote as follows, "It is unusual for a man to have held the position of Credit Manager for forty-five years and to have participated and contributed to the growth our firm has enjoyed during that period of time and with it all, he has maintained a sense of humor and an attitude of helpfulness toward customers and has kept his thinking most progressive. He has made a great contribution to the credit set-up in El Paso and the Southwest and has always had time to advise and assist younger credit men and women."

The National Retail Credit Association congratulates Mr. Jacobs on his many years of service with the Popular Dry Goods Company and to the credit fraternity in the great Southwest. For many years he has been a member of the N.R.C.A. and is a member of the Quarter Century Club.

# CREDIT DEPARTMENT | Letters

### LEONARD BERRY

A S WE SAID last month, the modern manager of credit sales is primarily concerned with helping credit customers, and not with punishing them. Yet, far too many customers still hold the credit department, and its personnel, in some fear and trembling. The retail credit profession surely needs better public relations. We have a "selling" job to do.

One way of improving public regard for the manager of credit sales would be to lessen the use of his or her name in routine collection work. All will agree that the vast majority of past-due accounts are paid on receipt of the first, second, or third collection reminder. Only a few stubborn accounts require prolonged or severe col-

lection effort

Why then, should the name of the credit executive appear on these routine collection notices? That simply thrusts his name unnecessarily before the public, and highlights in the minds of customers the protective function. Indeed, most customers only know of the credit executive in his role of collector.

Stickers, statement inserts, printed notices, cards, and the like, accomplish the desired purpose of gently nudging the customer into payment. They are impersonal, thus arouse little, if any, resentment. And, they are cheaper

than form letters too!

On the other hand, certainly the "good news" letters, new account acceptance, credit sales promotion, and good-will letters generally, should be signed personally by the credit executive. That procedure brings his name forward as a constructive and helpful store official. And while we are speaking of good-will letters, wouldn't it be wise to use more of them? We send plenty of "bad news" letters; mighty few of the others. The name of the manager of credit sales should be associated in the public mind, as far as possible, with friendly and helpful service.

Big possibilities also exist for bettering public acceptance of the credit department in the improvement of both the location and the appearance of the office itself. The grim, forbidding aspect of many credit offices is itself a definite discouragement to sensitive customers. In many cases, credit offices are hard to find, and difficult to reach. Perhaps that is why the "silent interviewer," used in many stores, meets with such success. Apparently quite a few customers are afraid of the imagined rigors of a formal credit interview, and welcome the opportunity of themselves filling in the credit application found at a convenient spot on the selling floor.

Sooner or later, all store principals will recognize the fact that good credit service leads to increased profitable sales volume. Right now, many credit executives must fight for a better location and improved appearance of their credit offices. The recent beautification of credit offices in some of the nation's outstanding stores shows

that enlightened top management is fully conscious of the power of credit in building sales, and has done something to secure its maximum benefits.

Retail credit management is gradually gaining the recognition and prestige to which it is entitled. That is encouraging. However, each of us must continue to do our part in completing the transition. And there is so much that we can do.

Innumerable opportunities present themselves for the manager of credit sales to promote good will by influencing friendly feelings toward the store. By taking advantage of them he will be making a most valuable contribution to the store's success, and his own importance will be enhanced.

### This Month's Illustrations

Our letter illustrations this month are all from firms in the fine city of Pittsburgh, Pennsylvania, The CREDIT WORLD honor city of the month. To Tom L. Ford, Manager, Retail Credit Association of Pittsburgh, we are indebted for his efforts in securing these splendid examples of correspondence for publication.

Illustration No. 1. It is usually effective procedure to start a letter with a question. This Boggs and Buhl collection letter successfully employs such technique. All the way through, this is a friendly and cooperative letter. The question asked at the end of the letter urges the customer to respond. The letter is commendably brief but

complete

illustration No. 2. An increasing number of stores are finding that printed notices, for the early stages of collection at least, are most advantageous. Here are two Remington Rand Incorporated, "Rem-V-Lope" type of collection notices used by Kaufmann's. We show the wording but not the attached envelope. The comment indicating that Kaufmann's are members of the Credit Bureau of Pittsburgh, and the National Retail Credit Association, adds weight and prestige to these collection forms.

Illustration No. 3. A splendid example of new account notification used by Jonasson's. Neatly printed, and requiring no fill-in, this notice maintains a friendly formality. Such notification of availability of credit facilities gets customer-store relationship off to a good start. Note that this account acceptance notification is

signed by the president of the firm.

Illustration No. 4. This effective collection letter, used by Gimbel Brothers, reminds the customer that the credit terms were explained when the account was first opened. It courteously points out that all credit customers are expected to follow payment requirements. The third paragraph expresses appreciation for customer's patronage, but suggests that prompt payment of bills goes with the convenience of credit.

### BOGGS & BUHL

sessime sense

1

September 15, 1952

Mrs. John Smith 100 First Street Pittaburgh 50, Pennsylvania

Dear Mrs. Smith:

Have you ever written a friendly letter and failed to get a reply? You can appreciate them, our state of uncertainty regarding the everdue condition of your account.

It is possible your plans have been changed because of unforeseen circumstances. If so, won't you tell us please, so we may know our account is not being neglected.

We want to do our part -- so we are enclosing a return envelope. Isn't it a fair request that you use it and send us a check or at least an explanation?

Very truly yours

Bogge & Buhi, Inc.

Alalana
Credit Manager



PITTERURGII ZZ. PA



It gives us great pleasure to note that you have joined our family of charge accounts.

Jonasson's will always strive to please you and it is our hope that the quality and style which we offer in a personalized atmosphere-impossible to a larger store-will do just that.

We trust that this may be the beginning of a long and pleasant relationship.

Cordially yours.

J. W. Story

President

### KAUFMANN'S

Fifth Avenue Pittsburgh



Dear Patron

"Charge it." These are the simple words that make your charge account a real convenience.

But it is a service which provides for payment of bills each month—this is important because merchandise is sold to you only on thirty day terms. Your account is now overdue — please send on your check — it will be very deeply appreciated.

Cordially yours.

Credit Department

### KAUFMANN'S

Fifth Avenue Pittalough

Dear Patron

fust to express our thanks for your patronage — and again to remind you in a courteous fashion, that your account is pair dies. By paying your bills promptly each month you help us to serve you better — and you then are described large selections of line merchandres at the right part.

Won't you reciprocate by sending your check today - Thank you.

Very truly yours.

KAUFMAIIN'S

Credit Department

MEMBERS OF THE CREDIT BURSAU INC OF PITTEBURGH NATIONAL RETAIL CREDIT ASSOCIATION

SETACH ALONG THIS EDGE AND INSERT WITH PRIMENT IN ATTACHED ENVELOPE

### Gimbel Brothers

Price Hills Pattsbergh 3C Rs. Elizabert Allante (44 X.)

September 15, 1952



Mrs. John Smith 100 First Street Pittsburgh 50, Fennsylvania

Dear Mrs. Smiths

You will remember that our terms were explained to you at the time your account was opened. Each sonth's charges are due and payable when the bill is rendered. These terms are our regular terms to all Charge Account customers.

If there is any reason why the account should not be paid, please notify us.

Tour patronage is appreciated and we think that you, appreciating the privileges that go with your Charge Account, will want to keep it up to our standard requirements. We look forward to receiving your remittance within the next few days.

Very truly yours.

ODERL BROTHERS



Buyer's Case—First in History—Under Robinson-Patman Act.—The first Court test of a buyer's liability under the Robinson-Patman Act Amendment to the Clayton Act is before the Supreme Court. Automatic Canteen Company of America was charged by Federal Trade Commission with "knowingly inducing or receiving" as against its competitors, a discrimination in price in the purchase of candies and chewing gum which it in turn sold through vending machines. The Commission, after hearing, issued a cease and desist order, which was affirmed by the Circuit Court of Appeals.

Automatic Canteen, fighting this decision, has filed a petition for a writ of certiorari to the Supreme Court, and it appears the writ will be granted, since the Solicitor General, who speaks for the Federal Trade Commission before the Supreme Court, has filed a response to the petition citing no objection. In fact, the Solicitor General states that the case presented is basic to the application of Section 2 (f) of the Clayton Act, as amended by the Robinson-Patman Act; that the determination of the question is of great potential interest both to the general public and to the FTC; further, that the question of statutory interpretation raised by a buyer charged with receiving price discrimination has not been previously determined by that Court.

The following propositions are involved: (a) Canteen's contention that the burden of proof of showing absence of justification for receiving price discriminations is on the Commission and not upon the buyer to show justification. (b) Canteen also takes the position that it is impossible for a buyer to know or prove the seller's cost justification, and that the lower court's construction of the statute, in holding that the burden of proving justification is upon the buyer, violates due process of law. Canteen also sets up the contention in its petition that the impact on the competitive system and the number of persons and firms affected make this case one of the most important trade regulations cases ever to come before the Supreme Court.

Installment Credit Continues Up-Trend.—Federal Reserve Board reports continue to indicate sharp increase in installment credit. Volume now nears 15 billion mark but some interesting facts are revealed which dilute any apprehensions. The installment debt is not as large proportionately to individual incomes as it was in 1941. At that time 7 per cent of national income went for monthly payments on installment purchases, while the figure is now 6 per cent. In addition the total installment indebtedness today is spread over many more wage earners than in 1941.

Future Materials for Consumer Goods.—Available at the Government Printing Office for a small charge are the five volumes which report the detailed study of materials position of the United States, and the outlook for obtaining raw materials and energy to sustain economic health of the nation and assure military security. In announcing availability of these volumes the Superintendent of Documents quotes from Life, June 30, 1952: "the reports are a monumental contribution . . . which could prove as important a guide . . . for American development as was Alexander Hamilton's great Report on Manufacturers issued in 1791."

Close-Ranged Report on Today's Production. The Federal Reserve Board's index for August reached 212 compared to 191 in July, and indicates affects of steel strike have been shaken off. FRB called it "marked recovery," equivalent to 11 per cent increase. Indexes are based on 1935-39 period, which equals 100. At the same time Secretary of Commerce Sawyer announced that distribution is now replacing production as the "real problem" facing this nation. Sawyer called progress in production "phenomenal," and pointed out that from now into the foreseeable future the greater need will be to get "the raw materials which production chews up . . . and to distribute the results of that production." In line with this shift of emphasis a new section will be created in the Department of Commerce to devote its attention to "distribution problems." Mr. Sawyer also gave out the information that a lengthy markets analysis now in preparation would be ready for distribution by January 1, 1953.

Fifth District Fast Growing.—The September report of the Fifth Federal Reserve District, covering the states of Maryland, West Virginia, Virginia, North and South Carolina and District of Columbia, contains an interesting article on growth of business enterprises. The Fifth District now has a record high of 302,400 business firms, of which 128,000 are retail trade. This District has experienced the amazing increase of 41 per cent of active enterprises now in existence as compared with the number in 1944. The 41 per cent increase is substantially ahead of the national figure of 31 per cent increase in the same period.

Inflammable Sweaters.—For a number of months the Federal Trade Commission reports have contained citations of new complaints involving inflammable sweaters or other garments. Most cases have involved alleged failure to disclose true materials of which garment is made, or failure to reveal that garment is highly inflammable and unsafe to wear.

# Collection Scoreboard

Compiled by the Research Division

August, 1952 . . . . . . . . . . . . August, 1951

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ew York N Y	44.2	50.1	37.6	46.0	53.1	408	19.5	262	17.2	20.2	288	17.3	35.7	417	310	37.0	43 5	314	483	51.1	456	529	56.5	Ï
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irmingham Ala	42.3	55.7	36.5	45.5	56.4	39 0	16.7	20.7	14.5	20.3	25.5	17.2	53.6	841	31.5	38.6	43.3	340	479	50.0	45.5	48.7	50.8	t
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oungstown Ohio"	1 -	35.8		_	39 1		-	133		1	155	-		440		_	46 7		_	440		-	467	
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alt Lake City Utah	60 5	643	56.9	636	70.6	56 2	197	241	180	20 1	240	16 8	-			-			487	52 4	450	473	49 5	
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Dakland Calif	60.2	64.9	55 8	57.0	57.8	56.3	18.7	19.4	156	18.3	24.0	14.3	55.5	56.5	54.6	54.6	55.7	53.5	5.8.4	62.6	54.3	55.2	62.5	5
anta Barbara Calif	62	4 67.5	55.8	61.1	68.3	53.2	-			-			55.5	59.6	53.0	59.2	63.9	55.2	61.5	70.1	51.5	63.8	70.2	ı
an Francisco Calif	52 (	600	477	53 7	64 6	50 7	18 4	211	16.8	230	282	229	446	497	375	460	50 5	403	50.4	31.1	439	488	492	4
Saltimore Md	44.8	49.0	41.6	46.2	50.5	414	17.7	22.	12.3	19.5	23.9	16.8	39.8	52.3	26.4	41.7	53.8	30.0	41.5	45.0	38.0	43.5	493	ĺ
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<sup>·</sup> Figures for July.

INSTALMENT ACCOUNTS outstanding at department stores at the end of July were practically unchanged from the end of June, but were 8 per cent above a year ago. Collections on instalment accounts were down 3 per cent, giving a collection ratio of 17 per cent, 1 point below both a month ago and a year ago. Charge-accounts outstanding decreased seasonally during July. Month-end balances were 11 per cent below those of June 30, but were up 4 per cent from July a year ago. Collections decreased 3 per cent during the month, but the ratio of collections to first-of-

month accounts receivable remained unchanged from both a month ago and a year ago. The average repayment period indicated by the collection ratio of 46 per cent was about 66 days. Sales of all types decreased in July, as is usual for this time of year. Instalment sales were off 10 per cent, while cash and charge-account sales dropped 16 per cent and 19 per cent, respectively. Instalment sales, however, were sharply above the reduced volume of July a year ago. Cash sales were little changed from a year ago, and charge-account sales were up 5 per cent.—Federal Reserve Board.

25

in instalments out of income and bought as the result of a fast sales talk.

The choice is not and never was whether a person would wait to pay cash or buy now on an instalment contract. The fact is and always has been that the choice is whether the money goes for silly, temporary frivolity or whether it is paid on an instalment contract. Remember that whiskey is never sold on instalment payments, nor are many immediately expendable goods or services. Instalment contracts are used almost universally for the purchase of articles of some permanence, and with rare exceptions, indeed, every instalment contract is the result of genuine negotiation between the buyer or borrower and the seller and/or lender. The one thing the banker cannot do is go too far in trying to take the pressure out

of selling efforts. If the product is legitimate, and the dealer is solvent and reasonable in attitude, take his business, and slowly use your influence to have him become more reasonable in his claims.

The important thing is not nearly so much how much pressure was used in making the sale, but that the product is legitimate, adequately serviced and fairly priced. Of these, the price is least important. It is the one field where the customer is best able to defend himself, and it is the first element of the transaction to be forgotten. The use of instalment credit is improving steadily in public acceptance, thanks at least partly to the bankers, who have always tried to raise the standards of selling practices, but have generally had good sense enough to accept gradual progress in this direction.

### "Business Outlook"

(Beginning on page 9.)

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nicians needed for an expanding economy? And where will the additional doctors, dentists, and nurses be trained to care for the health of a rapidly growing population?

Old highways must be straightened and widened; and a vast network of new roads must be built. The number of new automobiles or some other means of mass transportation must be greatly increased. And the services for this transportation must likewise be expanded. In the light of these facts, the main function of the private enterprise system must never be overlooked; namely, the constant effort to provide a rising standard of living for the people.

Chances are that business may decline sometime in the next two or three years; indeed, the odds now would probably favor a setback—but there have been many declines in business before in our history, which means that there were rising periods, also.

Throughout the history of the steel industry there have been recurrent fears that the demand for steel would not hold up. Capacity now is about 107 million tons of ingots. Yet, finished steel is scarce.

Bituminous coal has been considered a sick industry for many years. Nevertheless, the Pittsburgh Consolidation Coal Company in a recent study estimates that 880 million tons of bituminous coal will be needed in 1970, a tonnage about double the 1952 output. Similar huge increases are projected for crude petroleum, natural gas, nonferrous metals, and electric power.

The normal work-week will tend to decrease in future years. And as the work-week shortens, labor will fight for higher wage rates to prevent a declining standard of living. A drop in prices, of course, would partly compensate for lower payrolls.

### Increase in Labor Productivity

But in terms of long-run policy, any substantial rise in wage rates must come from an increase in the productivity of labor. Otherwise, prices will advance in periods of heavy demand, when prices can be raised without losing sales, thus offsetting the benefits to workers and reducing the markets for the commodities involved.

For a free enterprise system to expand and remain strong, a nation must have an abundance of accessible natural resources, extensive plant and equipment, ample skilled labor, and good managers in order that the economy can furnish the maximum of goods and services to its citizens. Furthermore, the people must have faith in the future of the country.

This country most certainly has an abundance of natural resources. In addition it has vast plants, trained management, and skilled labor capable of producing goods in ever growing volume with decreasing man-hours. The question is, Do we have sufficient faith in the future of ourselves?

# MEMBER

# AN UNUSUAL STICKER

National Retail Credit Association

THIS MOST UNUSUAL STICKER has been designed for use by members.

They should be used on letterheads of the credit department and on statements on which a previous month's balance has been brought forward.

THIS STICKER carries the prestige of the National Retail Credit Association and the slogan, "Guard Your Credit As a Sacred Trust," is an excellent educational message. Order a supply today.

SHOWN ABOVE actual size, they are printed in the National's colors, bronze blue on gold gummed

Price, \$3.00 per thousand

NATIONAL RETAIL CREDIT ASSOCIATION 375 Jackson Ave. St. Louis 5, Mo.

# Monthly CREDIT STATISTICS



According to the Federal Reserve Board here is upto-date information on current credit conditions for the month of July, 1952. Consumer instalment credit outstanding at the end of July amounted to 14,732 million dollars, up 327 million from the June level and 1,829 million from July, 1951. The increase during July compares with a decrease of 52 million dollars in July last year and increases of 493 million in July, 1950 and 212 million in July, 1949.

Instalment sale credit outstanding amounted to 8,021 million dollars on July 31, compared with 7,813 million at the preceding month-end. The change reflected increases of 156 million dollars in automobile sale credit outstanding and 52 million in other sale credit outstanding. Instalment loan credit outstanding rose from 6,592 million dollars at the end of June to 6,711 million on July 31.

Charge accounts outstanding decreased 89 million dollars during July, a month during which a decline is usual. Total consumer credit outstanding on July 31 amounted to 21,200 million dollars.

#### Ratio of Collections to Accounts Receivable<sup>1</sup>

		Charge Account			
Month	Depart- ment Stores	Furni- ture Stores	Household Appliance Stores	Jewelry Stores	Depart- ment Stores
1944 December	37	19	28	33	62
December	37	20	30	31	61
December	36	21	26	30	54
December	29	16	21	21	54
December	25	14	15	20	53
December	20	10	12	16	52
December	18	11	10		49
December 1952	19	11	12	*	45
January	19	10	13		47
February	18	10	13		45
March	20	11	13 13		48
April	18	10	13		48
May	19	11	13		47 45 48 48 48
June	18	10	12		46

<sup>1</sup>Ratio of collections during mouth to accounts receivable at beginning of month.

\*Collection of these data discontinued.

### CONSUMER INSTALMENT SALE CREDIT

[Estimated amounts outstanding. In millions of dollars]

End of Month or Year	Total Exclud- ing Auto- motive	Depart- ment Stores and Mail- Order Houses	Furni- ture Stores	House- hold Appli- ance Stores	Jewelry Stores	All Other Retail Stores
1941 1943 1945	1,805 641	469 174	619 271	313 29	120 66	284 101
June	575	150	254	42	38	91
June	1,312	423	427	168	87	207
June 1949	2,118	720	621	322	121	334
July	2,399	766	730	404	121	378
July	3,349	1,061	976	597		695
July	3,112	1,022	854	590		646
anuary	3,360	1,129	933	592		706
February	3,231	1,082	909	567		673
March	3,156	1 060	893	548		655
April	3,153	1,064	894	541		654
May	3,250	1,101	924	551		674
June	3,367	1,132	954	582		699

\*Included with all Other Retail Stores.

#### DEPARTMENT STORE SALES BY TYPE

(Percentage of Total Sales)

Year and Month	Cash Sales	Instalment Sales	Charge- Account Sales
1944—December	64	4	32
1945—December	64	4	32
1946-December	57	5	36
1947—December	54	7	39
1948—December	53	6	41
1949—December	50	8	42
1950—December	50	8	42
1951—December	49	9	42
1952—January	48	10	42
February	48	10	42
March	48	10	42
April	48	9	43
May	47	10	-43
lune	47	10	43

### ESTIMATED CONSUMER CREDIT OUTSTANDING BY MAJOR PARTS, IN MILLIONS OF DOLLARS

End of Month	Total	Total		Instalment	Credit	Single-			
or Year	Consumer	Instalment		Sales Credit		Loans	Payment	Charge	Service
	Credit	Credit	Total	Automotive	Other	Loans	Loans	ACCOMMUNE.	Carun
1941	9,499 5,158	5,921 1,939	3,747 816	1,942 175	1,805 641	2,174 1,123	1,204 1,034	1,764 1,498	610 687
1945 June	5,695	1,994	763	188	575	1,231	1,411	1,544	746
June	11,380	5,065	2,192	880	1,312	2,873	2,512	2,887	916
June	14,669	7,533	3,720	1,602	2,118	5,813	2,839	3,352	945
July	16,187	9,331	5,009	2,610	2,399	4,322	2,768	3,123	965
June	19,682	12,105	6,995	3,790	3,205	5,110	3,147	3,392	1,038
June	19,256	12,955	7,234	4,041	3,193	5,721	1,399	3,804	1,098
January February March	20,126 19,717 19,565	13,314 13,185 13,156	7,322 7 158 7,047	3,962 3,927 3,891	3,360 3,231 3,156	5,992 6,027 6,109	1,445 1,448 1,443	4,253 3,967 3 855	1,114 1,117 1,111
April May June	19,788 20,293 20,958	13,319 13,806 14,405	7,099 7,421 7,813	3,946 4,171 4,446	3,153 3,250 3,367	6,220 6,385 6,592	1,437 1,431 1,436	3,913 3,921 3,980	1,119 1,135 1,137



### What to Do With Those Blank Statements

THE FOLLOWING question was asked us by a member. "A substantial number of the statements headed up by the Addressograph Department in the average store are unused. Hence, this question: What has been the most satisfactory, or most economical, or the best, manner of handling billheads in your store on accounts that are not currently used?" To find the answer we wrote to 109 credit sales managers throughout the country. Fifty-nine replied to the questionnaire. Eighteen said, "Destroy upper portion and use lower portion for scratch pads." Nine do not use Addressograph, so said they have no problem. Five simply said, "Throw them away."

### **Specific Comments**

San Francisco, California. . . . It is possible to flag Addressograph plates "Inactive" every month by sending unused statements to department. This costly. Statements relatively cheap. Problem must be solved by each store. Comes a time when it is cheaper to strip to inactive than continue making not-needed statements. Find stripping inactive twice yearly most economical.

Atlanta, Georgia. . . . Plate destroyed after one year of inactivity.

Washington, D. C. . . . Blank statements, with special message imprinted, mailed with advertising media four times yearly; twice before Easter and twice before Christmas. All blank statements checked each month and numbere. as to months of inactivity. "Solicit" letters sent when accounts inactive for four months. Second letters sent when inactive five months. After six months, Addressograph plates removed and account transferred to inactive file.

Ottawa, Ontario, Canada.... Shift tabs only on active accounts, thereby only running those and overcoming waste otherwise occasioned were all plates run. After much experimenting feel this the most satisfactory and certainly most economical method of handling.

Rochester, New York. . . . Nearly every month statement heads of inactive accounts used as address labels to forward advertising material to customers. Lower half used for scratch pads.

Louisville, Kentucky. . . . Each month strip from files those billheads for accounts which show no activity during preceding three months, these bills are returned to Addressograph Department where the prints are transferred to inactive file. We think that stripping at an early date is extremely expensive because of the many accounts which would have to be re-established.

Nashville, Tennessee. . . . Have studied this problem and found from experience it is more economical to head all statements on the Addressograph. A lot of unused statements result. Send sales messages on these. When not so used, they are destroyed.

Pittsburgh, Pennsylvania. . . . Have felt for some time, that continuous use of message not productive. Billheads used occasionally for message but not every month. Also find more economical pull inactive accounts at a given time, than to try to do anything with them each month, and while we are producing a considerable number that are not being used, cost of running and discarding them is far less than making monthly analysis.

Oklahoma City, Oklahoma. . . . Destroy statement heads addressed not currently used. Previously kept them, turned tabs on Addressograph plates so new statements would not be addressed. Then we inter-filed the two groups of statement heads. Found, however, that labor cost greater than cost of addressing statements.

Richmond, Virginia. . . . Try to keep these to minimum by de-activation. No satisfactory solution to problem been found. Occasionally use for printed message to good inactives.

Los Angeles, California. . . . Use with imprinted inactive message to go along with customary monthly advertising bill inserts.

St. Louis, Missouri. . . . Our Promotion Department use these and check them against records to determine if customer's record is good, if so, follow them up for a period of six months. This method enables us to cover all inactive accounts each thirty days. At the end of six months, statements are given to Addressograph to pull out plates.

Salt Lake City, Utah. . . . Periodically use with appropriate printed message as a direct mail to activate unused accounts. When not so used, destroyed.

Cleveland, Ohio. . . . In January, 1951, purchased 5,700 Addressograph which prints and heads our statements. This method is so much less expensive that we are heading statements for every account every month. Cost of unused ones is less than labor to transfer accounts every month.

Little Rock, Arkansas. . . . One month, scratch pad. One month, message mailed to customer.

Indianapolis, Indiana.... Endeavor to remove inactive accounts each six months thereby eliminating statements that will not be used. Before account removed, it is

checked to determine payment record. About each three months use statement, which has been headed-up as a message reminding customer account is still open. Suggest some special we are currently promoting. Found this economical means reactivating accounts.

Charlotte, North Carolina. . . . Statements cost less than \$3.00 per thousand. Find eliminating printing of those not used or using them following month costs more than amount saved. Use few for sales promotion; rest

we throw away.

Fort Worth, Texas. . . . Since do not pre-head statements until after cycle has closed and all tickets placed in file, only make statements on those accounts that are to be posted on. Even then have certain number statements that show zero balances. Sometimes use in promotional work, sometimes made into scratch pads. Great amount of promotional work can be done with unused statements when they are used wisely, if used in special item, seasonal promotions, etc. Become an expense to be reckoned with if pre-headed before cycle closes and a great number must be destroyed or used as scratch pads.

Des Moines, Iowa.... Use Addressograph press which prints and addresses statements at one operation. An advertisement also printed on back at same time so unused

statements can only be shredded.

St. Louis, Missouri. . . . One way to reduce number of unused statements is to strip the cycle billing files or ledgers as the case may be every six months. The Addressograph Department should be on a daily basis, that is, changing addresses and making new plates. By following this system there are very few statements to be headed up by bookkeeping department. Those that are left over may be used for sales promotion purposes once in a while; however, as to the matter of cost, even if were large number left, it is more economical to have these done by Addressograph than headed up by bookkeepers.

Dallas, Texas, . . . Our headed-up unused monthly statements generally sent to supply department, padded and used for scratch paper. Exception about twice yearly, return statements to Addressograph to pull plates represented and relegate them to inactive plate file. When account again becomes active, monthly statement headed up in duplicate by typewriter in bookkeeping department, original used for current month, duplicate sent Addressograph to reinstate plate in active plate files.

Davenport, Iowa. . . . Only recently used Addressograph for heading statements. To date have made no use of those on which no balance is owing. Plan in future to use them for sales messages or for reviewing inactive

Memphis, Tennessee.... We formerly used to promote sales to inactive customers, special sales appeal, third-class postage. At present not being used for any purpose.

Fort Worth, Texas. . . . Statements left over are used with this Addressograph imprint, "Your Account Is Paid in Full. We hope you will be in this month to say 'Charge It, Please.' "Sent in open envelope for two cents with monthly stuffers. Find this direct and effective method of contacting customers for more business. (Unsatisfactory paid-in-full ledger sheets pulled by poster after final payment—filed in inactive file.)

Knoxville, Tennessee. . . . Statement returned to Addressograph section. They turn tab, do not head state-

ment for this account following month.

New York, New York. . . . Have not any regular plan. Occasionally use by printing special message and enclosing special merchandise offer.

Miami, Florida. . . . If account closed by request, or discontinued for any reason, issue "kill plate"-no further billheads prepared by Addressograph. If account becomes inactive, Addressograph continued to prepare billheads which are destroyed in Billing Department by collators. Found this method preferable to "kill plates" on inactive accounts because of time and effort absorbed in maintaining current follow-up on accounts which reach a stage of inactivity. About every two years, remove inactive accounts, send to Addressograph for removal of plate. This prevents waste of unnecessary billheads in large numbers. Much of our trade is transient. Not satisfied with our system but it is as satisfactory as any other. Have experimented otherwise, with result our collators had to type too many billheads, so we quit trying to keep inactive records so closely up to date from the standpoint of Addressograph records.

Denver, Colorado. . . . The Addressograph heads all bills. Have found procedure more economical because time it took to keep accounts labelled active or inactive and mistakes in doing so were more than offset by heading all

bills.

Dallas, Texas. . . . Billheads on accounts not currently used sent back to Addressograph Department, from where they are sent out. Some stamp or form of advertising being printed thereon. Have found this to be best manner of handling such statement heads.

St. Louis, Missouri. . . . Use unused statements to send customers an inactive message and enclose our merchandise leaflets. This is inexpensive way of getting to our

customers.

Los Angeles, California.... Statements headed up by Addressograph Department and unused in retail credit card bookkeeping are referred to Addressograph for them to flag plate as inactive. No sales promotion value is placed on them.

Rochester, New York... We have found that "sales promotion" with no-balance statements helps us reach all of our charge customers. Bottom portion of unused statements removed from "billhead." Billhead is used to

mail advertisements . . . is done every month.

Los Angeles, California. . . . Head up only statements for instalment accounts. Charge account statements headed by bookkeeper. Nature of business does not warrant preheading of charge accounts. Where last payment made on instalment account, Addressograph plate pulled and placed in inactive file.

New York, New York. . . . Only solution for unused statements is to use them about four times a year to send

out sales promotion material.

Cedar Rapids, Iowa. . . . Follow inactive accounts as closely as possible. Remove Addressograph plate to inactive file. Reset plate when account becomes active utilizing the remaining unused statements as scratch paper.

St. Louis, Missouri. . . . Unused billheads used for promotional purposes. However, feel that more than just a message "You have been missed" necessary. Only use when have merchandise inserts with "Pulling power." Experience has shown that while message is a nice gesture, results are not nearly as good as when the message has merchandise appeal.

# Granting Credit in Canada (Correspondent

## Canada, Step by Step

A. S. CREIGHTON, F.C.I., General Manager, Canadian Credit Men's Trust Association, Ltd., Toronto, Ontario

HE BEAUTY of Canada, the glories of its great open spaces, its mountains, its lakes, rivers and forests, you have heard about through various mediums. You have likewise heard of its wealth of resources, its agriculture, industry and commerce, its growth in population and its importance in world affairs, but do you of the younger generation actually realize what tremendous strides it has made in the last half century? Do you credit men and women realize that 50 years ago your counterparts were just the fellows who kept the books, sat on a high stool or more often stood at a high desk from 8:00 a.m. to 6:00 p.m., usually six days a week? Their job was to stick figures in bound ledgers and such like. There were no deductions but the weekly pay was probably not more than \$12.00 and, of all things, no time off for coffee!

The scriptural injunction of "six days shalt thou labour" was invoked and labour they did and go to church on Sunday. On a 35-hour week, folks are just too busy to go to church, or so they think, but take a look at the golf courses. In those days one could buy a 21 meal ticket for \$4.00 and rent a room for \$8.00 a month or a house for \$15.00. Streetcar tickets in Toronto were six for 25 cents, eight for the same during rush hours. Life was good in those days before the distractions of horseless carriages, radios, flying machines and the rush of trying to get a day's work done within the maximum hours allowed by the unions.

Life was good, but it had its drawbacks. A Toronto newspaper, still doing business at the same old stand, ran a column devoted to the problems of life on the farm. Its favourite wail, oft repeated, was "where kin the hired man wash his feet?" There was usually a handy creek not far away.

But by and large, I like it best as it is today. Fifty-two years ago I travelled by freight from Winnipeg to Toronto as valet to a horse rejoicing in the name of Sunbeam. The journey took six days. It was a lovely way to see the country and get to know the folks along the route but recently the same trip was made in four hours and that was when I got the title for this article. Remember Dr. Townsend, William Aberhart and other well-meaning proponents of the Good Life, the Welfare State, "Pie in the Sky"? They never seemed to make the grade, but it has come to pass in the form of a delicious tartlet, all wrapped up in cellophane about Sault Ste Marie, or thereabouts, 17,000 feet up towards the sun. We should be proud of our Trans-Canada Air Lines.

Fifty-five years ago, in 1897, Canada celebrated the Diamond Jubilee of the reign of Queen Victoria the Good. This day marked a new era in the opening of the West. William Mackenzie, later Sir William, and

Dan Mann, later Sir Donald, had completed their first railroad construction in the west. This line commenced at Gladstone, Manitoba, and followed a devious course over prairie and muskeg to Lake Dauphin where a new farming area was opening up. Running rights were obtained over the old Manitoba & Northwestern from Portage la Prairie to Gladstone. Portage was the head-quarters of the line which was known as the Lake Manitoba Railway & Canal Company. The late D. B. Hanna, a great pioneer railroad man, was the superintendent and proud of his somewhat wobbly stretch of track through the wilderness as it then was.

On Jubilee Day, the line was opened for passenger traffic by the operation of the first passenger train to pull into Dauphin. My memory is hazy, but I believe that the trip was free to all comers. At any rate, the limited number of available coaches were jammed to capacity and many rode outside. There were few people left in Portage that day. The trip was somewhat precarious but fun was had by all. On arrival at Dauphin, the settlers from near and far were there to greet us and welcome the opening of a link with the outside world. I do not know what the town looks like now but then it had the appearance of having been built overnight on a stubble field. Hospitality was unbounded, liquid sunshine flowed freely and joy was unconfined. Those, of course, were the days when fist-fightin' was a national pastime and many friendships were sealed that day over a good old bout. The authorities were, however, determined to keep order and had enlisted teams of special constables, who, wearing red armbands, travelled in pairs and were distinguished by their ability to spot a fistic argument soon enough to turn in the opposite direction. Thus was inaugurated the second passenger service in the West by those builders of empire, Mackenzie and Mann.

History of Canadian National Railway

From this small beginning grew the great Canadian Northern Railway System which subsequently was merged with the Grand Trunk, the Grand Trunk Pacific and other Companies as the publicly-owned Canadian National Railway. D. B. Hanna, the former Superintendent of the Lake Manitoba & Canal Company, became its first President.

Hanging in his private office in the Royal Bank Building in Toronto was a framed copy of the original timetable of this long forgotten railroad. He was fond of displaying it to his friends as the only timetable which contained a subtle joke. On the left side running down was the schedule of Train No. 1 from Portage to Dauphin. On the right side running up was the schedule of Train No. 2 from Dauphin to Portage. A footnote

drew attention to the fact that Train No. 2 would not leave Dauphin until No. 1 arrived. "Just how could it," said D. B., "we had no other train."

Speaking of railroads, the Canadian Pacific Railway now on one of its lines has a daily passenger service between Winnipeg and Edmonton, 848 miles. This runs through Yorkton, 278 miles from Winnipeg. In the gay nineties Yorkton was the end of steel and the line was known as the Manitoba & Northwestern. The last 18 miles between Saltcoats and Yorkton was a useful piece of track. In the winter months when prairie trails were blocked with snow, travellers found it most convenient to drive their teams and cutters between these two points on the railroad tracks. Do not contradict me, I did it myself! It was of course important that the journey not be made on the day the weekly Mixed came snorting along.

Thinking of snow, I am reminded of the minister at Portage, godly man as he was, slipping up one Sunday on his faith in the Almighty. The collection having been taken, he announced that "The Reverend so and so of Brandon will preach in this church next Sunday morning at 11 o'clock, God willing," and looking out of the window at the drifting snow, he added "and the C.P.R. train be on time."

Money was a scarce commodity in those days. Barter was not unknown. Credit was plentiful but risky. When the crops came in the farmers had money-some, and they paid "in the fall." If they did not reap a crop, they had no money and creditors could wait till next fall. This refers to the west. The wholesalers were paid when the retailers were paid, sometimes. The east, of course, always made money out of the west, or so it was argued. Later on, The Credit Men's Association was founded and things got better. After some years along came the boom days when building lots five miles from the centre of such places as Regina and Saskatoon sold for fabulous sums and today are successfully growing grain. Some, however, are spouting liquid gold in the form of oil. Mackenzie and Mann built the Canadian Northern Railway, a transcontinental line, the C.P.R. built branches. These afforded access to the vast areas west of Manitoba. Settlers flocked in from the east and many from States. The open door of the Laurier administration immigration policy was the means of entry for thousands of Ukrainians, Galicians and Doukhobors and many other races from Europe. The immigrant trains deposited their human freight throughout the Prairies and out of the labours, the trials and hardships of these and our native Canadians arose our western empire

Let not the present generation look down on those humble and hardworking folk who laid the foundation for the good life of the present. Some of our immigrants or their descendants have not become as good Canadians as could be desired but perhaps the blame for this lies on those who were responsible for the failure to develop any sort of policy for assimilation of the newcomers into our way of life and to create a Canadian nationalism of which they would be proud to form a part. Our friends to the south have done a better job on that score than have we. We have been afraid of speaking up about our country and sometimes have been very stupid. Just now I notice that in parliamentary circles, this word "stupid" is taboo when related to an honourable Member. With the greatest respect for our parliamentaries, my impression is that there is a modicum of stupidity in most of us, inside or outside of governing bodies, and at times it shows up. We in Canada are not supermen, thank goodness, but just plain folks trying to get along. Our average intelligence is just about equal to that of other so-called civilized races.

As an illustration of stupidity, some of us remember the help-wanted signs which appeared in Toronto and elsewhere in the early days of the century: "Man wanted, no English need apply." Well, among others of English birth I applied and have more or less been applying myself ever since. Incidentally, in the golden days of the western boom, when harvest trains left Montreal and Toronto for the Prairies every fall, filled with eager beavers prepared to work from sun-up to sun-down for \$4.00 per day and board, an enterprising employment agency at Medicine Hat welcomed the boys with this sign over its door, "This is the guy what hires the ginks." Not so dignified perhaps as are the appeals of our National Employment Service but probably quite as effective.

Canada has had a great and glorious past. Its future depends largely upon the common sense and moral fibre of its people. Adversity tends to strengthen character. Too much prosperity tends to weaken it. Canadians have met adversity, plenty of it, and have stood the test. We shall have to meet it again in one form or another and must be prepared for it. We are a mixture of races and therein lies much of our strength. Whether we like it or not, we shall become more of a mixture as time goes on. Our growth in population must be more rapid than in the past and this means a more liberal immigration policy. Such policy, if adopted, should carry with it the acceptance of responsibility for some form of guidance and if necessary assistance to the newcomers until they become reasonably well established in our midst. Such a policy would pay dividends in the long run. Statesmanship in this country must not only deal with immediate problems, but take the long view and consider the welfare of future generations. The rest of the world is not going to sit idly by and watch 14 million people enjoy the riches of Canada. We must be realistic, we must be broad-minded and even liberal in this matter or others will help themselves.

### Ever Loaned Your "CREDIT WORLD"?

WE'LL WAGER you've often said: "You must read this article in The Credit World . . . here, take my copy!" That's why we thought you'd like for us to send a free copy of a recent issue to friends of yours who have not really "discovered" how stimulating The Credit World can be.

We will be glad to send a copy to as many as five of your friends if you will send us their names and addresses. There is no cost to you or your friends; however, if they indicate to us that they want to receive it regularly, their membership will be solicited. Address, National Retail Credit Association, 375 Jackson Avenue, St. Louis 5. Missouri.

31

# It's a Pleasure Jo Salute Pittsburgh

AT THE CONVENTION of the Retail Credit Men's National Association, now the National Retail Credit Association, held at the Hotel Statler, Cleveland, Ohio, in August, 1917, three Credit Managers, Colonel Franklin Blackstone, Hugo Baum and Harry C. Engel of Pittsburgh, were present. Also present was J. W. Duncan who represented Fred A. Caten of the D. P. Jones Mercantile Agency which was later succeeded by the Credit Bureau of Pittsburgh.

Following one of the morning sessions the three gentlemen, at the suggestion of Colonel Blackstone, held an informal meeting and decided to organize the Credit Managers of Pittsburgh. This was done soon after their return to Pittsburgh and that city has been represented by a strong local Association for nearly thirty-five years. Since 1949 it has had the largest membership of any National Unit and for the past four years the membership has been approximately 1,100.

An educational meeting is held each Thursday noon, in addition to which a dinner meeting is held once a month.

The Association was the first to use the radio in the education of the consumer and one of the first, if not the first, to use billboards on a city-wide scale; likewise bus and streetcar advertising.

The Credit Bureau of Pittsburgh, merchant owned, under the able management of Tom L. Ford serves the credit granters of Pittsburgh and McKeesport in a highly satisfactory manner, both in credit reporting and collections.

That a strong National Unit and a successful Credit Bureau go hand in hand and are an asset to the retailers of the community is evidenced by the fine cooperative spirit and the excellent results experienced in Pittsburgh.

Best wishes for your continued success and progress.

General Manager Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

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# SOMETHING NEW HAS BEEN ADDED

Retail Credit Fundamentals



390 Pages . . . Waterproof Binding

Written expressly for the Educational Course of the National Retail Credit Association by Dr. Clyde William Phelps, Head of the Dept. of Economics of the University of Southern California.

THIS TEXT and reference book, first published in 1938, has been completely revised into a new third edition. All references and illustrations have been brought up to date and two new chapters have been added, Bookkeeping for Credit Control and Age Analysis of Charge Accounts. Everything possible has been done to make this the finest textbook on retail credit. It has been prepared under the direction of and in collaboration with the Educational Committee of the Association and other leading credit executives throughout the United States and Canada.

Although primarily published for use in our educational courses on Credit Fundamentals, this is a book which every credit executive should study and have on his desk for ready reference. It is as adaptable for home study and self-improvement as it is for class work. It covers every phase of retail credit and collection work. Order your copy today.

The book, "Retail Credit Fundamentals," is available to credit bureaus and credit associations, in lots of 25 or more for credit school purposes only, at special rate. Single copies may be ordered at \$5.00.

Write the National Office for our Brochure, "How to Organize and Conduct Credit Schools"-free on request

**NATIONAL RETAIL CREDIT ASSOCIATION** 

375 JACKSON AVENUE

ST. LOUIS 5, MO.

### STANDARD APPLICATION FORM

HE sale of over four hundred thousand during the past year is conclusive testimony of the popularity of this form. Increase the efficiency of your department by ordering a supply immediately!

The actual size of the form (reproduced below) is 6 inches by 9 inches. Printed in one color. Blocked in pads of 100. Prices: 100, \$1.00; 500, \$4.00; and 1,000, \$7.00. Postage is extra.

### NATIONAL RETAIL CREDIT ASSOCIATION

375 Jackson Ave.

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